SOCIALISM: A FAILED IDEA THAT REFUSES TO DIE
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AFTER 100 YEARS OF HELL—
WHY DOES ANYONE WANT TO PURSUE THE SOCIALIST DREAM OF CREATING “HEAVEN ON EARTH”? 

Two thousand seventeen marked the 100th anniversary of the Russian Revolution, which has been called “the greatest catastrophe in human history” for all the harm it caused in precipitating the spread of socialism. So why is it that:

• One of the leading candidates in the last presidential race was and is an avowed socialist—and hugely popular on college campuses across the country?
• The mayor of the largest city in America openly espouses socialist ideas?
• Most Americans under the age of 40 have little or no idea of the millions upon millions of people murdered and starved to death by communist regimes around the world?

As to this last question, I think I know the answer: at both the high school and university levels, the true history of socialism simply isn’t being taught. Meanwhile, the socialist critique of free-market capitalism as the alleged source of income inequality and social injustice continues to be aired as if it were the unquestioned truth. But it isn’t the truth. That’s why the Show-Me Institute—as a free-market think tank—decided to consider socialism’s legacy in our 2017 annual report.

—BRENDA TALENT, CEO
SHOW-ME INSTITUTE
Mindful of Voltaire’s dictum (“To hold a pen is to be at war”), we take up the pen against five enduring myths about the Russian Revolution and the advent of socialism. The five myths are long-standing pillars of falsehood—used to curtail liberty, justify past atrocities, and (in the name of “progress”) lead free people into servitude.

Calling themselves “progressives,” many people today readily accept most or all of these myths as the truth. Filled with socialist yearnings, they have become a new force to be reckoned with in American politics.

**Myth #1 – The false story of a heroic beginning to socialism—as a popular uprising by an oppressed people against social injustice and the cruelties under the Tsar.**

In truth, the coup that brought the Bolsheviks to power on Nov. 7, 1917, was an almost bloodless event—“as easy as picking up a feather,” according to Lenin. The Bolsheviks were just one of several parties contending for power in Russia following the abdication of Nicholas II, the last Tsar, early in the year. Credit Lenin with some real foresight: He was quick to realize the advantage that might come from putting together a private army from soldiers and sailors set adrift by the collapse of the old regime. It was a small group of disaffected soldiers—not alienated workers—who stormed the Winter Palace in St. Petersburg, arrested members of a feeble Provisional Government, and catapulted Lenin—who enjoyed no widespread popular support—into power. The historian Bertram Wolfe quipped:

Lenin seized power not in a land “ripe for socialism,” but in a land ripe for seizing power.

What came next was the real revolution: the elimination of private property, the abolition of all existing laws, the end of individual rights, the rapid descent of civil society into chaos, and the concentration of all authority and decision-making power in the hands of the state. In the novel *Doctor Zhivago*, Boris Pasternak provided an unforgettable description of the process:

Everywhere there were new elections: for the running of housing, trade, industry, and municipal services. Commissars were being appointed to each, men in black leather jerkins, with unlimited powers and iron will, armed with the means of intimidation and revolvers, who shaved little and slept less. They knew the shrinking bourgeois breed, the average holder of cheap government stocks, and spoke to them without the slightest pity and with Mephistophelean smiles, as to petty thieves caught in the act. These were the people who reorganized everything according to plan, and company after enterprise, became Bolshevized.

**Myth #2 – The claim that communism would bury capitalism—winning out as a result of being the superior system both economically and socially.**

Here was the supposed bargain under Marxist/Leninist theory: The workers would throw off their chains—freed from exploitation under greedy capitalist bosses. And the state would take care of everyone’s needs—treating everyone equally. Through miracles of central planning and social engineering, “scientific socialism” would outdo capitalism in the production and provision of everything needed—from housing and health care to food, transportation, education, sport, and entertainment.
It didn’t work. Right from the start, it did not work. Under socialist dogma, all profit was theft. Faced with severe bread shortages in Russian cities, Lenin ordered peasants to turn over their harvest to the state—at prices so low they couldn’t cover their production costs. In response, the peasants planted less and sold as much of their product as they could on the black market. Many travelled to nearby cities and towns and sold food from sacks on their backs. Under Lenin’s orders, such “bagmen” were to be shot on sight. But the black market still grew. To buyer and seller alike, hunger had become a more pressing concern—and starvation a greater threat—than the policeman’s bullet.

Myth #3 – The lame excuse that, in the sometimes-messy business of trying to create a more perfect society, you “have to break eggs to make an omelet.”

In this case, the “eggs” were individual human beings, the millions upon millions of people sent to early graves by communist tyrants; the “omelet” was the creation not of a heaven on earth, but of a true hell on earth. Among other tragedies, this was a world where children learned in school to spy on their parents, and where everyone was encouraged to spy on everyone else in the hope of winning small favors from the state, such as the keys to a better apartment, made available through the betrayal of a neighbor.

Citing Robespierre from the French Revolution, Lenin liked to say that terror was virtue. That was the ruling ethos not just in Lenin and Stalin’s Russia, but also in Mao’s China, Mengistu’s Ethiopia, Castro’s Cuba, and Pol Pot’s Cambodia.

Myth #4 – The laughable idea of “scientific socialism.”

It was never anything but fake science—beginning with the false prophecies of Karl Marx. As the unfolding of events in the Industrial Revolution would demonstrate, capitalism led not to massive impoverishment, as Marx had predicted, but to extraordinary progress in raising living standards for most people. Thanks to the deployment of capital (mainly retained profit) in the development of better tools and machines and the creation of new products, ordinary workers became increasingly productive and increasingly able to enjoy amenities that were not available to even the most prosperous people of earlier generations.

On the other hand, experiments in social engineering, as practiced by Stalin in the forced collectivization of Soviet agriculture in the early 1930s and by Mao in the Great Leap Forward in the late 1950s, succeeded only in deepening the subjugation and misery of hundreds of millions of people already living in desperate poverty. They produced man-made famines and starvation on a massive scale. Mao’s Cultural Revolution in the 1960s and ’70s was another great experiment that produced more insanity and more misery—including the “Up to the Mountains and Down to the Countryside Movement,” which sent some 16 million urban youth

into the countryside to make new lives for themselves as farmers or vagabonds in distant provinces. Said Mao by way of explanation: “The intellectual youth must go to the country, and will be educated from living in rural poverty.”

Myth #5 – The repeated assertion of socialist compassion for the poor and downtrodden, contrasted with capitalist greed and exploitation; and the closely related misconception that great wealth can only arise from terrible exploitation.

Where has “compassionate” socialism done any good for people in alleviating poverty? Did it work in India, for instance, which followed a meddlesome as opposed to murderous model of socialism from the late 1940s through the 1980s?

No, it did not work in India. Nor did it work in Egypt, Indonesia, or in other African and Asian nations attracted to socialism following the end of World War II, the collapse of old colonial empires, and the formation of new countries and governments.

Though it did not eliminate private property, India under Nehru and his immediate successors pushed all the right socialist buttons—keyed to heavy investments in infrastructure, nationalized companies, and rapid industrialization. With big dams, steel-mills, and the like, the state erected “Temples of the New Age,” and India became no richer because of them.

That began to change in a big way only after India abandoned socialism in the 1990s through a series of reforms allowing private enterprise to flourish—and flourish it has, as anyone who visits there today becomes instantly aware. Over the last two decades, India’s growth rate has outpaced that of nearly every developing country, with China being a notable exception.

And present-day China provides still more clinching evidence of the wisdom of unwinding socialism and unleashing the power of free enterprise. Coming to power in 1978, two years after Mao’s death, Deng Xiaoping opened China to foreign investment and global markets. But his biggest move came in 1984 with the liberation of Chinese agriculture—in freeing peasants to sell in the open market.

That marked a huge departure from the model of state ownership and control in the production and distribution of food. Going to a free market has had the happy result of ending the plague of famines that had existed throughout modern Chinese history.

Despite being a long-time socialist, Deng also uttered the greatest of heresies—no longer denouncing profit as theft, but saying instead that “to get rich is glorious.” He and other Chinese leaders since then have systematically freed ownership of the means of production in many other areas.

One upshot of that shift in policy: China has been producing new billionaires at a faster rate than any country in the world and—according to Forbes—will soon have more billionaires than the United States. But the still more important consequence is that in both India and China, rapid business formation has driven rapid economic growth and accounted for the greatest anti-poverty program in recent times—lifting hundreds of millions of people out of poverty over the last couple of decades.

No one would claim that China suddenly ranks among the freest or richest countries in the world. It remains a one-party state (the communist party), and poverty is widespread. But it has made important strides—thanks to expanded individual and economic freedom.

Mao Zedong, the “Great Helmsman”
IN CONCLUSION

Every form of socialism—from the mild to the murderous—depends on government coercion and the curtailment of liberty, both in the forcible redistribution of wealth and in calls for an ever-lengthening list of “free” public services. It is more than a little disturbing that so many Americans have jumped on the progressive bandwagon.

The real poverty trap is socialism. Free enterprise—the combination of freedom and enterprise—is what has made America great, and it has also been the key to spreading greater opportunity and prosperity in other parts of the world.

Sincerely,

Crosby Kemper III
Rex Sinquefield

June 18, 2018
Socialism has come a long way since 1917. Socialist regimes of one kind or another ruled half the world—at a terrible cost—during the Cold War. Then, with the collapse of the Soviet Union in the 1990s, socialism fell like a rocket crashing back to earth. Yes, China, North Korea, Cuba, Venezuela, and other countries were still ruled by socialists, but, in general, socialism appeared to be a dying ideology. As one historian put it, “The more dogged the efforts to achieve it, the more the outcome mocked the humane ideals it proclaimed.”

To be sure, there were different degrees of socialism. The totalitarian socialism of Mao and the Soviet Union killed people, inflicted enormous economic dysfunction, and snuffed out freedoms critical not just to political but also to personal life. The democratic socialism common in the West has been much softer and therefore less destructive; it specialized in overregulating the private economy and extreme redistribution of wealth.

But even in the West, socialism manifestly failed. The democratic socialism of Great Britain reduced that country, in just two generations, from a leading economic power to the “sick man of Europe,” and was firmly rejected by British voters during the Thatcher years.

Unfortunately, socialism has rallied and come slouching back onto our college campuses, settling itself comfortably among the students, who have decided it’s the change the nation needs to get back on track. A 2015 Reason-Rupe poll showed that 58 percent of 18- to 24-year-olds viewed socialism favorably. By contrast, only 28 percent of seniors ages 65 and above were favorable toward socialism. Several other polls say the same thing: A majority of young adults support socialism, and in fact prefer it to capitalism.

To older adults, who remember the Cold War and the free-market reforms that restored the economic health of the West in the 1980s, this fact probably seems disturbing and inexplicable. How could young adults support a philosophy that has spawned evils ranging from economic stagnation to mass killing, depending on how comprehensively governments have attempted to implement it?

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2 [http://www.bbc.co.uk/history/british/modern/thatcherism_01.shtml](http://www.bbc.co.uk/history/british/modern/thatcherism_01.shtml)
3 [http://reason.com/poll/2015/02/12/poll-americans-like-free-markets-more-th](http://reason.com/poll/2015/02/12/poll-americans-like-free-markets-more-th)
Speaking as a 21-year-old college student, I believe that the explanation boils down to two things—discontent and ignorance. Most of today’s college students grew up during the Great Recession and the wars in the Middle East. They are graduating with large debts and, in their minds (particularly for those with liberal arts degrees), bleak prospects for employment. They see that income inequality is growing and that it is hurting society. They feel cheated, and they have decided that something is deeply wrong with our current system. Since that system is capitalist, young people have turned to socialism as an alternative.

At the same time, however, most young adults misunderstand socialism, believing that it simply means being “nice” to everyone or just “getting rid of the wealth gap.” The truth is that most students today are both economically and historically illiterate. In fact, in one study only 16 percent of millennials could define socialism as a government-managed economy. But even if they don’t know exactly what socialism is, they do know that it isn’t capitalism, and in their minds, that’s more than enough recommendation.

And who can blame them for their ignorance, considering what they’ve learned—or, more accurately, haven’t learned—in the classroom? In my experience, professors may not espouse socialism, but they seldom if ever challenge its tenets. Most of my history classes in college focused on the many evils committed by America, especially those that victimized the poor and racial minorities. Professors equated capitalism with imperialism, while failing to even mention the evils committed by totalitarian socialist countries or the economic chaos of democratic socialism. I once had a professor who dismissed the atrocities committed under Mao Zedong’s regime by saying, “While there were certainly many failures with Mao’s reign, during his rule China’s literacy rate went up, as did migration to cities.”

“I believe it is this same indifference to truth that turned so many college students into enthusiastic supporters of Bernie Sanders during the last presidential campaign, giving him more youth votes in the primary than Clinton and Trump combined.” To be sure, Sanders is no totalitarian, but he certainly loves the same democratic socialism that emaciated Britain in the postwar years. Students loved the promises he made (free college, free healthcare, and forgiveness of debt) and were perfectly willing to believe that big and benevolent government could make almost anything “free” simply by raising taxes on the very rich.

It should be said that this support for socialism isn’t necessarily permanent. Studies find that support for socialism drops after college, and goes down as people earn higher salaries. Young people aren’t stupid; they are just young, and some economic truths cannot be truly appreciated until experienced.

With that said, some college students don’t make it easier for themselves. Plenty of them don’t like listening to conservative voices—who can forget what they did to Charles Murray at Middlebury? Many of them cannot stand correction—or argument. Nothing strengthens a lie quite like an echo chamber. In this case, students’ insistence that capitalism is imperialism and their refusal to listen to conservative speakers has let the lie of socialism grow into a powerful force on campus that threatens competing (and more worthy) ideas. Yes, most students are just young and will grow out of their revolutionary fervor. But some are indoctrinated. And until our colleges have the courage to break through the echo chamber themselves, the free exchange of ideas on campus will be largely muted.

—Christine Talent
Show-Me Institute intern and college student

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6 https://reason.com/poll/2014/07/16/millennials-dont-know-what-socialism-meas
What if I told you that there’s an education reform strategy that actually works? It has caused college graduation rates for low-income students of color to soar—by up three to five times previous rates. It gives urban students the equivalent of an extra eight weeks of learning per year in math and an extra five weeks in reading. Parents love this reform—so much that demand for places in these innovative schools outruns supply by a factor of 3 to 1.

Please believe it. I know it’s true because I’ve been studying charter schools for over fifteen years. Yet many people have no idea of the breadth and depth of this educational success story—thanks in no small part to an unrelenting disinformation campaign against charter schools waged by teachers unions and other members of the educational establishment.

Let’s start with the basics.

WHAT IS A CHARTER SCHOOL?

In the late 1980s an idea was floated by Al Shanker—head of one of the two major teachers unions—to let teachers, parents, or community leaders open and run a public school outside of district oversight. He argued that we should allow teachers to create innovative, autonomous public schools, and that these chartered schools would serve as laboratories from which effective ideas could be replicated.
We now have over 7,000 charter schools serving nearly 3.2 million students in 42 states plus the District of Columbia. Today, one in five public school students attends school in a district that has at least 10 percent of its students in charter schools.

Where charter schools are permitted in Missouri (namely, Kansas City and St. Louis), parents have flocked to them. In these two cities, nearly 23,000 students attend 71 charter schools. In Kansas City, charter school students are 45 percent of public school enrollment; in St. Louis, they’re 33 percent.

ARE CHARTER SCHOOLS PUBLIC OR PRIVATE?

Charter schools are public schools, but instead of being governed by a local school board, they’re governed by a document—their charter—that lays out how the school will operate and the metrics by which its performance will be judged. The charter is granted to the group of individuals who seek to open and run the school, and it has a term of three to five years, at which point it will be renewed or the school will be closed.

Charters receive the same state and federal funding that any public school receives. In most cases, they also receive the local per-student funding for the students who attend. Unlike traditional public schools, charter schools must pay all of their costs, including the cost of buying or building the school, from their annual revenue.

The students in charter schools are public school students. They participate in all state testing and have all of the same rights and responsibilities of other public school students. It is illegal for charter schools to discriminate against any student who chooses to attend one, to charge tuition, or to teach religion. If there are more parents who choose the school than there are seats, students must be selected through a public lottery. Parents are free to have their children return to their assigned public schools at any time if they aren’t satisfied with the charter school.

ARE THERE ANY SUBURBAN OR RURAL CHARTER SCHOOLS?

While it’s true that over half of all charter schools in the United States are in urban districts, in the 2015–16 school year there were nearly 1,800 suburban charter schools and over 1,200 in small towns and rural communities.

It turns out that curriculum matters to middle-income parents, and many gravitate to charter schools because they offer educational models that aren’t available in traditional public schools. Some of these models are more rigorous, some are more open and creative, and some offer unique programs. There are hundreds of examples of outstanding suburban and rural charter schools, but I’ll offer just two to ponder.

In the 2017 U.S. News rankings of the top ten public high schools, nine were charter schools—that’s right, nine out of ten—and five of these were BASIS charter schools. BASIS currently operates 20 charter schools in Arizona, Texas, and Washington, DC. Most of them are suburban, and they serve populations that reflect their communities. Like all charter schools, BASIS schools don’t have admissions tests—students are admitted by lottery.

Continued
Many small towns are also taking advantage of charter schools. Graysville, Indiana, opened Rural Community Academy in 2004 when its local school was slated to close. Since then the school has grown to 150 students and some credit it with reinvigorating the community, saving the post office, and bringing several new businesses to the area.

**DO CHARTER SCHOOLS HURT THE OTHER PUBLIC SCHOOLS?**

The short answer is that charter public schools don’t hurt traditional public schools any more than other factors that can affect enrollment, but they may challenge them. The thinking seems to be that if parents choose a charter school, then they’re rejecting—and thereby hurting—their assigned neighborhood school. So, did the Honda Accord “hurt” the Ford Taurus, or did Sprint “hurt” AT&T because some people stopped choosing them? Or did they challenge them?

When a parent chooses to send a child to a charter school, the state funding that would have been sent to the public school district where that student lives is sent instead to the charter school the parent has chosen. Federal funding, such as that for low-income students or students with disabilities, also follows the student. Some, but not all, of the local funding may go with the student. The same is true whether the student chooses a charter school, moves to another school district, or moves to another state. The local public school district is no longer tasked with educating the student, so they no longer get the money to do so.

The rub seems to be that charter schools create a new school where one already exists, and when students leave, the existing school really can’t downsize—at least not quickly. Of course, choosing a charter school is related to the perceived quality of the schools in the district. Prior to charter schools, parents in poorly performing school districts moved out if they could. While declining enrollment can be challenging for public school districts, the solution isn’t to prevent kids from leaving because the district can’t afford it, any more than it would be reasonable to prevent parents from moving out of the district.

Public school districts have options when faced with the loss of students to charter schools. They can consider it a challenge and do what’s needed to bring parents back. They can collaborate with the charter school to better serve the needs of all students. They can move away from long-term fixed expenses to a more flexible way of operating. And if they don’t like any of those options, they can always complain that the world isn’t fair and keep trying to protect a failed status quo.

Young parents, particularly millennial parents, strongly support charter schools. They rightfully expect that when the time comes for their children to attend kindergarten, there will be an array of choices available to them. Many will be disappointed when they discover that they still have only one—and it is determined by their address. Bringing more choices to these families will require that we continue to educate citizens and policymakers about charter schools—not as a threat to public education, but as an expansion of it.

**WHY CAN’T MORE MISSOURI PARENTS SEND THEIR CHILDREN TO CHARTER SCHOOLS?**

As charter schools have grown in number and popularity, so have the volume and shrillness of the opposition. Autonomy from most of the typical public school regulations has generally meant that charter schools and their employees operate outside the purview of teachers unions. As a result, teachers unions have regarded charter schools as a major threat to the status quo. In Chicken-Little fashion, the unions and their supporters have waged an unceasing campaign against charter schools—acting as if any extension of competition and choice in the provision of public education would be nothing less than a disaster.

I’m often asked to engage in “charter school myth-busting.” The “myths” are really just false statements continuously circulated by those who are threatened by charter schools. So, both traditional and social media are filled with claims such as “charter schools privatize public education,” “charter schools teach religion,” “charter schools charge tuition,” “charter schools aren’t held accountable,” and “charter schools are on a mission to destroy public education.” None of these is true.

**CONCLUSION**

In closing, I want to describe my experience as a member of the board of a charter school in St. Louis.

A dedicated group of people, many of us volunteers, have come together to do our level best to design and provide a free, high-quality high school experience for low-income students in St. Louis who would otherwise be attending a truly failing school. Our goal is college for all, so that’s where we focus. To say that we are trying to privatize public education in St. Louis by operating this school is absurd.
We don’t teach religion, but we do emphasize character. We don’t charge tuition, but we do provide breakfast and lunch to every student. We have to fund-raise constantly because when the roof fails—as it is about to—we have to pay for a new one by cutting something else or through additional fund-raising. It takes a lot of trivia nights to pay for a roof. Things that traditional public schools take for granted, like basketball uniforms, are frills to us.

Claims that charter schools aren’t held accountable really get to me. As the chairman of the finance committee, I go over every line of every credit card and checking account statement. The head of the school has to answer for every dollar.

Similarly, the academic excellence committee breaks out all test score data to the greatest level of detail possible. We have test score and graduation rate goals in our charter that we must meet or we risk losing the school.

We do this as volunteers because we believe in the school and in the students. My experience isn’t unique. Charter schools, by definition, require commitment to a vision and dedication to producing results. There’s no doubt in my mind that there are plenty of people with similar commitment and dedication across the entire state of Missouri. There are communities with students who are not being well served by their local assigned public school that have the talent and drive to open charter schools. Unfortunately, the power to make that happen lies in the hands of folks who need teachers union support to get and stay elected.

—Susan Pendergrass
Show-Me Institute Director of Education Policy
Yes, if that means little or no need to work and plenty of free goodies (at taxpayer expense) for everyone, thanks to a supposedly benevolent, all-knowing, redistributive state.

“We see it [the Affordable Care Act] as an entrepreneurial bill, a bill that says to someone, if you want to be creative and be a musician or whatever, you can leave your work, focus on your talent, your skill, your passion, your aspirations because you will have health care. . . . This is what our Founders had in mind—ever expanding opportunity for people.”

—Nancy Pelosi, former Speaker of the House

“If more and more workers are going to be displaced by robots, then they will need money to live on, will they not? And if that strikes you as a form of socialism, I would suggest—get used to it.”

—Bill Gross, of Pacific Investment Management

“We should have a society that measures progress not just by economic metrics like GDP, but by how many of us have a role that we find meaningful. We should explore ideas like a universal basic income to give everyone a cushion to try new things.”

—Mark Zuckerberg, Facebook

“It’s time to make college tuition free and debt free” (while also favoring free comprehensive health care for all and a guaranteed government job paying $15 an hour for anyone who wants it).

—Senator Bernie Sanders

 “[O]ur legal system is structured to favor private property. I think people all over this city, of every background, would like to have the city government able to determine which building goes where, how high it will be, who gets to live in it, what the rent will be. I think there’s a socialistic impulse, which I hear every day, in every kind of community, that they would like things planned in accordance with their needs. And I would, too.”

—New York Mayor Bill de Blasio

“You show me a capitalist, and I’ll show you a bloodsucker.”

—Malcolm X
No, because socialism is a one-way trip to the poor house—mentally, materially, and spiritually.

We say **YES** to Liberty and Freedom.

Re: Nancy Pelosi quote on opposite page: “It is preposterous to think that one of the key phrases found in the Declaration of Independence—‘the pursuit of happiness’—means that the Founders wanted to make it easier for the first Americans to ‘quit their jobs,’ so that anyone who wanted to could become ‘an artist, a writer, a musician, or whatever’—without having to worry about being self-supporting.”

—Brenda Talent, CEO, Show-Me Institute

“America’s political system used to be about the pursuit of happiness. Now more and more of us want to stop chasing and have it delivered.”

—Jonah Goldberg, author and pundit

“Socialism is not just about economics. Its central dogma is to make the state the ultimate authority for the whole of life. It is a secular creed that has utterly failed. . . . Remove a man’s freedom and you dwarf the individual, you devalue his conscience and you demoralize him. That is the heart of the matter.”

—Margaret Thatcher

“Political utopianism is tyranny disguised as a desirable, workable, and even paradiiscial governing ideology . . . Utopianism substitutes glorious predictions and unachievable promises for knowledge, science, and reason, while laying claim to all of them. . . . A heavenly society is said to be in reach if only the individual surrenders more of his liberty and being for the general good, meaning the good as defined by the state. . . . Conformity is essential.”

—Mark R. Levin, author and radio personality

“If everyone enjoyed the unrestricted use of his faculties and the free disposition of the fruits of his labor, social progress would be ceaseless, uninterrupted, and unfailing.”

—Frederic Bastiat, 19th-century French economist and writer

“Socialism only works in two places: Heaven, where they don’t need it, and hell, where they already have it.”

—Ronald Reagan
What are you doing with my money? It’s not a complicated question, and it deserves a prompt and straightforward answer whenever citizens ask it of their government. Officeholders have to make spending decisions, and no one expects that every expenditure will please every constituent. But citizens deserve to know how their local government is managing taxpayer funds.

To make sure Missourians have the information they need to hold their public officials accountable, researchers at the Show-Me Institute used the state’s Sunshine Law in creating our Checkbook Project, a tool to show citizens how local governments spend tax dollars. Missouri’s Sunshine Law allows citizens to request public records from public governmental bodies, subject to some exceptions and costs.

Institute researchers sent out 328 sunshine requests to 194 municipalities, all 114 counties of Missouri, and the 20 largest school districts. In each uniform request, we asked for itemized vendor spending records from the last five years in an electronic format so the information would be easily searchable. We also asked for the costs—if any—to produce these records.

It was encouraging to learn that several cities—including St. Louis, Ballwin, Kansas City, and Chesterfield—already have their vendor spending posted online. As for the other 202 records we received, 155 were free of charge, while 47 of these were purchased (with $26.00 being the average cost). These governmental bodies demonstrated a commitment to being transparent with their spending records.
You can find all of the records we’ve received by going to this page:

http://bit.ly/MOStateAndLocalCheckbooks

The other 126 public entities that received our request appear to set a higher price tag on transparency. The average cost they quoted us for their records was $1,864. A few high-end examples came from cities like Hollister and Battlefield, which wanted approximately $25,000 and $35,000, respectively.

What could explain such a profound difference in cost from one city to another? One argument we heard is that detailed record-keeping and accessibility is cost-prohibitive for smaller cities like Battlefield (population: 5,600). However, 20 cities with smaller populations sent their records free of charge.

But let’s get real here: Surely even a city the size of Battlefield can budget for a yearly subscription to QuickBooks.

One city that stood in contrast to Battlefield is Winfield, not simply because it remitted its records free of charge, but also for its commitment to transparency. When the city received our request, not only did administrators there compile its electronic records; they also spent a weekend putting spending data from paper records into the spreadsheet they sent. The city also provided a link to the Show-Me Institute’s Checkbook Project web page in its transparency portal so citizens could see exactly how Winfield is spending its money—not bad for a city with a population less than 1,500.

We had a chance to sit down with Winfield’s mayor to ask his thoughts about the project and the concept of government transparency. He said there’s a deep mistrust of government regarding how it spends taxpayers’ money, and he wanted Winfield to adopt policies to earn the public’s trust. He also believes that it is not enough for government to simply fulfill a sunshine request and move on. It must instead proactively provide information to its citizens about where their money is going.

The lesson to take from Winfield is that transparency is not a function of city size or resources; it appears to be a function of city culture.

In 2018, it’s perfectly reasonable to expect governing bodies to keep their spending records in electronic format and make those records easily available to the public.

As taxpayers, we have the right to know how our government spends money. Unfortunately, some local governments don’t agree, and that should trouble us all.

—Philip Oehlerking
Show-Me Institute Research Assistant
The 2018 Missouri legislative session was a whirlwind of activity both inside and outside its chambers. That whirlwind could have resulted in a disappointing string of missed reform opportunities. Instead, the last week of the session ushered in a veritable embarrassment of policy riches unseen in the last decade, and possibly longer.

From tax reductions to government union reform and from highway funding to expanded online course access, one would be hard pressed to distinguish much of what the Missouri House and Senate achieved this year from the policy actions recommended in the Show-Me Institute’s recent legislative Blueprints.

Credit for these legislative successes goes to the people who pressed these pro-growth, free-market policy ideas into law, and it is encouraging that support for policy prescriptions we have talked about for years has finally reached critical mass in Jefferson City. Following are some of the highlights.

**GOVERNMENT UNION REFORM**

What started as a bill giving public-sector employees a greater say in how union fees are deducted from their paychecks ended as a bill that included expansive transparency and certification reforms. For the first time, union members will formally be able to vote every three years on whether to renew or reject continued union representation as part of their government employment—a great leap forward in worker freedom.

One caveat: Not all public sector employees are covered in the legislation. Unions representing corrections workers, “first responders” (police and fire departments), and some medical professions received a carve-out. Let us hope that a future session of the legislature will end that loophole, so that all government workers will enjoy the same protections.

**INCOME TAX REFORM**

The legislature acted to reduce the corporate rate from 6.25 percent to 4 percent, effective for tax years beginning on or after Jan. 1, 2020. Missouri will then have a lower corporate income tax than all eight bordering states. In fact, out of the 44 states that have a corporate income tax, only North Carolina, at 3 percent, taxes corporate income at a lower rate.
The legislature also passed a bill that, with the governor’s signature, will grant tax relief to individuals by reducing the state’s top individual income tax rate from 5.9 percent to 5.5 percent. Paired with triggered tax cuts already in motion, Missourians could see their top state income tax rate drop all the way to 5.1% in the next few years.

**ONLINE COURSE ACCESS FOR ALL STUDENTS**

For years, researchers at the Show-Me Institute have been pressing the legislature to give every student in the state free access to advanced online classes in such subjects as calculus, physics, and chemistry through the Missouri Virtual Instruction Program, or MoVIP. In the closing days of the session, the legislature did just that.

Schools in small communities and in rural areas can’t always find teachers to cover many advanced subjects—including some courses required for admittance to the University of Missouri. The new bill closes the gap. It clears the way for students and parents to sit down with a school counselor, figure out what classes they need, and register to take those course online—whether at school, in a library, or at home. Under the new law, nothing prevents a public school student from taking a full course load online. Now parents have a choice beyond their assigned public school.

**LICENSING REFORM**

At long last, the legislature delivered licensing reform for hairbraiders, an issue researchers at the Institute have long discussed because of the absurd requirements imposed on potential hairbraiding practitioners. Rather than requiring hundreds of hours of training irrelevant to their work, hairbraiders will now only have to watch a training video relating directly to their professional field.

But that’s just the tip of the licensing iceberg. Several other initiatives enhanced interstate reciprocity for licensure in a host of professions, including social work, occupational therapy, and many more.

**TAX CREDITS**

The tax credit reform discussion started in earnest weeks before the legislative session formally opened, when the Missouri Housing Development Commission (MDHC) voted not to issue the controversial low income housing tax credit (LIHTC) this year. That courageous decision will save Missouri taxpayers at least $100 million in wasteful incentives that have been criticized by multiple state auditors and a cavalcade of good government supporters in recent years.

A great deal more will have to be done to resolve the state’s addiction to public–private cronyism, including statutory changes that would reduce overall tax credit spending and ensure that what’s left is being used properly. But this year was a good start to that process.

**A MORE EQUITABLE APPROACH TO HIGHWAY FUNDING**

No one wants to pay higher taxes. But some taxes make more sense than others. Back in 2014, Show-Me Institute policy analysts were sharply critical of a proposed statewide sales tax to raise additional money for highway and bridge maintenance.

As a matter of simple fairness, our analysts asked: Why tax shoppers to pay for roads? More specifically, why should America’s cross-country truckers—who are responsible for a disproportionate amount of the wear and tear to Missouri’s road and bridge system—get away with paying very little for needed road repairs and maintenance, while Missourians who do not even drive see another increase in already-high state and local sales taxes?

That argument seemed to make sense to a lot of people, because Missouri residents voted down the proposed 3/4-cent sales tax by the stunning margin of 59 to 41 percent. This November, Missouri voters will go to the polls to vote on raising the state motor fuel tax in a series of steps from 17 to 27 cents per gallon in July 2022.

Unlike the earlier proposed tax increase, this tax would be paid by people who benefit from using our roads and bridges. As Patrick Tuohey, the Institute’s director of municipal policy, put it in a recent blog post: “The money needed to maintain our transportation infrastructure will have to come from somewhere. Voters were correct to reject the statewide sales tax proposed in 2014. User fees such as a fuel tax are vastly more fair.”

—Patrick Ishmael
Show-Me Institute Director of Government Accountability
All I know,” the British socialist Beatrice Webb confided in her diary in 1932 as she and her husband Sidney were writing a laudatory two-volume history of the Soviet Union, “is that I wish Russian communism to succeed.” The playwright George Bernard Shaw—a close friend of the Webbs, a fellow socialist, and a great admirer of the communist dictator Josef Stalin—claimed after a nine-day visit to Russia, “There was not, and could not be, a food shortage in the USSR.” Walter Duranty, the New York Times Moscow bureau chief from 1922 to 1936, took that falsehood and raised it to a still more preposterous height, assuring American readers that Soviet granaries “were overflowing with grain” and that the cows were “plump and contented.”

Unemployment in the United States reached a peak of 25 percent in the United States in 1933. As terrible as that was, there was human suffering on a far greater scale at this same time inside the Soviet Union: Famine wiped out scores of villages and caused millions of people to starve to death. This was a purely man-made famine—caused by the forced collectivization of agriculture, whereby the peasantry was forbidden to sell any part of their product in an open market.

Instead of merely forcing peasants to turn over a large portion of their harvests to the state at low prices, Stalin decided to wage class war against the kulaks—the more prosperous peasants . . . or any peasant, no matter how poor, who opposed the abolition of private farms and the herding together of all farmers into giant “grain factories.” Begun as a part of the Five-Year Plan of 1928, this massive exercise in social engineering resulted inevitably in chaos, crop failures, and the raging 1932–1933 famine.

Outside the Soviet Union, the famine attracted little notice or concern—due to the reluctance of the Western press corps in Moscow to say anything negative about Stalin, and due to the unstinting praise that was heaped upon the communist tyrant by a long string of Western intellectuals for whom the “failure of capitalism” had become an article of faith. As the English historian Richard Overy observed in an interview with this writer, “Intellectuals in the 1930s assumed that capitalism was economically inefficient and morally repulsive.”
Duranty steadfastly denied the existence of a famine or anything worse than “food shortages” in the pages of the *New York Times*. However, in a private debriefing at the British Embassy in 1933, he told a wholly different story, saying that “The Ukraine had been bled white,” people were dying off “like flies,” and that it was “quite possible that as many as 10 million people may have died directly or indirectly from lack of food in the Soviet Union during the past year.”

Even without publicly admitting that there was a famine, the two-faced Duranty supplied Stalin and his admirers with a handy rationalization to justify any man-made disaster—saying that the end of creating the ideal socialist state would justify the means, however cruel and destructive. He wrote:

> But—to put it brutally—you can’t make an omelet without breaking eggs, and the Bolshevik leaders are just as indifferent to the casualties that may be involved in their drive toward socialism as any general during the World War who ordered a costly attack in order to show his superiors that he and his division possessed the proper soldierly spirit. In fact, the Bolsheviki are more indifferent because they are animated by fanatical conviction.

Suffice it to say that this same rationalization was more than good enough for Shaw, the Webbs, H.G. Wells, Pablo Neruda, and other intellectuals who came to Moscow in the interwar years to bear witness to their dream of a socialist utopia in the making. No one captured the delusionary thinking of this group any better than one of its members—Lincoln Steffens—who famously said: “I have seen the future, and it works.” He wrote that “Soviet Russia was a revolutionary government with an evolutionary plan,” enduring “a temporary condition of evil, which is made tolerable by hope and a plan.”

Too bad that the hope this plan inspired in so many intellectuals turned out to be false, while the evil turned out to be all too real and long-lasting. Be that as it may, over the last 100 years socialism has never lacked apologists among the intellectual and media elite.

—Andrew B. Wilson
Show-Me Institute Fellow and Senior Writer

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END OF THE DISCUSSION?
NOT IF WE HAVE ANY SAY IN THE MATTER.

In a series of special events over the last 12 months (April 2017-April 2018), the Show-Me Institute brought leading experts on policy issues to audiences around Missouri.

Mary Katharine Ham and Guy Benson

*End of Discussion: The Stifling of Free Speech and Open Discourse in America*

In April 2018, Guy Benson and Mary Katharine Ham came to St. Louis for a crowded Show-Me Institute fundraiser at the World Chess Hall of Fame. The two brought down the house (or the Hall), with cutting political analysis and trenchant observations showing how the left uses outrage as a political device to silence debate. Benson is the political editor of Townhall.com, co-host of the Benson & Harf Show on Fox News Radio, and a Fox News contributor; Ham is senior writer at *The Federalist* and a CNN commentator. They co-authored the best-selling book *End of Discussion*.

David French, Senior Fellow at National Review Institute

*War of Words: Free Speech Versus Tyranny on Campus*

In October, *New York Times* No.1 bestselling author David French delivered a lecture at Washington University's law school to a packed audience in the Bryan Cave Moot Courtroom (and two packed nearby overflow rooms). Within the context of America’s longstanding commitment to the protection of free speech, he discussed the recent wave of organized protests on campuses across that country that have stopped leading conservatives from being heard. His trip to Missouri featured a whirlwind tour of St. Louis media . . . and (either ironically or fittingly, given the topic of free speech) a few meetings with campus security to ensure his own safety.
David Steelman, University of Missouri Board of Curators Member

Mizzou: Two Years Later (Show-Me Forum)

For decades, the University of Missouri (UM) was known for well-respected academics, including the renowned School of Journalism. Now people are likely to associate the university with national headlines of student protests, allegations of racism, and declining enrollment. In October 2017, University of Missouri Board of Curators member David Steelman presented on the latest developments at Mizzou: new administrators like UM President Mun Choi, new policies to reorganize the UM system, and a new tuition program to more aggressively market the university to Missouri students.

The Show-Me Institute Policy Series

No MO Red Tape

The past year also saw new developments in our statewide series of policy meetings. For the first time, the Show-Me Institute hosted a policy breakfast in Joplin. The stop capped off the five-city No MO Red Tape series on efforts to cut regulation in the state. A local radio station, KZRG, even showed up bright and early to broadcast from Granny Shafer’s restaurant and interview our speaker, Justin Smith, the head of the regulation-cutting project. The event was almost as good as Granny Shafer’s breakfast potatoes and bacon.

A Legislative Update

This February, we used our policy series as a forum for legislators to update audiences on the work being done by the state legislature, answer questions about the 2018 session, and tell us what they expected to see before the session’s close. In a Springfield policy lunch, Speaker Pro Tem Elijah Haahr (R) and Representative Crystal Quade (D), both Greene County Representatives, spoke to a bipartisan crowd, making for a lively Q&A session.

Kevin Murphy, Professor of Economics at the University of Chicago

Income Inequality, Human Capital, and Economic Growth (Show-Me Institute Speakers Series)

In April 2017, economist Kevin Murphy spoke at the Saint Louis University John Cook School of Business and the Kansas City Public Library. His lecture was titled Income Inequality, Human Capital and Economic Growth. Dr. Murphy was the first professor at a business school to be named a MacArthur Fellow. He discussed the economics behind the rise in income inequality and where we should look for solutions.
COMMENTARIES 2017


March 1: “Shaky Assumptions, Track Record Warrant Caution on GO Bond,” by Patrick Tuohy.


March 23: “The Unlikely Promises of Questions 1, 2, 3, and 4,” by Patrick Tuohy.

April 3: “Don’t Count Health Care Chickens Before They’re Hatched,” by Patrick Ishmael.

April 17: “The Supreme Court Can Put a Nail in the Anti-Catholic Coffin,” by Michael McShane.


May 9: “A Tale of Two Louis,” by Patrick Tuohy.

May 16: “Who Wants to Talk about Failure,” by Michael McShane.

June 27: “If You’re Paying, I’ll Have an Ice Rink,” by Graham Renz.

July 10: “To Keep the Zoo Great, Keep It Out of Taxpayers’ Pockets,” by Graham Renz.


July 27: “Why Haven’t We Fixed This Law Yet?” by Graham Renz and Grace Vandegriff.


August 17: “Private Schools Aren’t What You Think They Are,” by Michael McShane.


December 1: “Pearl Harbor: The Shocking Loss that Led to a Great Victory,” by Andrew Stahly.


PAPERS PUBLISHED IN 2017

January: “Charter Schools: Do They Work?” by Michael McShane

February: “Expanding Charter Schools in Missouri,” by Emily Stahly

March: “Stuck in the Middle with Mizzou,” by Michael McShane

“A Primer on Missouri’s Foundation Formula for K-12 Public Education—2017 Update,” by James Shuls

April: “Tax-Increment Financing in Post-Tornado Joplin,” by Patrick Tuohy

“Free Exercise, Pea Gravel, and James G. Blaine,” by Michael Q. McShane


June: “Is Growth in Outstate Missouri Tied to Growth in the Saint Louis and Kansas City Metro Areas?” by Howard Wall

July: “Was Missouri Always Like This?” by Joseph Haslag and Michael Austin

August: “Is Missouri’s Teacher Pension System Unfair?” by James Shuls

September: “Taxing Business in Missouri,” by R.W. Hafer and Howard Wall


“Teachers’ Opinions on Missouri’s Public School Retirement System,” by Michael McShane and James Shuls

Financial Report*

REVENUE
Individual Donations ............ $2,571,468 ................. 92.50%
Foundation Grants ............ $201,790 ................. 07.26%
Other Income ................ $6,709 ................. 00.24%
TOTAL: $2,779,967

EXPENSES
Overhead .................... $293,402 ................. 12.69%
Program ...................... $2,017,810 ................. 87.31%
TOTAL: $2,311,212

STATEMENT OF FINANCIAL POSITION
Current Assets ............... $2,248,543 ................. 97.25%
Fixed Assets ................ $63,531 ................. 02.75%
TOTAL: $2,312,074

Note: The board of directors covers the overhead expenses of the Show-Me Institute. Since 2006, donations from supporters have funded education and research exclusively.

*Show-Me Opportunity, a supporting organization, is included in this consolidated financial report.
Stephen F. Brauer - Director
Stephen Brauer is chairman and CEO of Hunter Engineering Company. From 2001 to 2003, he served as U.S. Ambassador to Belgium. He has served on numerous charitable and civic boards, including the Saint Louis Area Council of Boy Scouts, the Saint Louis Art Museum, and the Missouri Botanical Garden. He is a trustee of Washington University in Saint Louis, a member of its executive committee, and a part owner of the Saint Louis Cardinals.

Crosby Kemper III - Chairman
Crosby Kemper III is executive director of the Kansas City Public Library and former CEO of UMB Financial Corporation. He cofounded and is chairman of the Show-Me Institute. He is the editor of, and a contributor to, *Winston Churchill: Resolution, Defiance, Magnanimity, Good Will*. He has served on the boards of the Thomas Jefferson Foundation, the Kansas City Foundation, the Black Archives of Mid-America, Union Station, Kansas City, and Lapham’s Quarterly. He helped Marilyn Strauss found the Heart of America Shakespeare Festival and was its first board chair. He also founded and chaired the Saint Louis Shakespeare Festival. He received a bachelor’s degree in history from Yale University.

Rex Sinquefield - President
Rex Sinquefield is cofounder and former co-chairman of Dimensional Fund Advisors, Inc. He also is cofounder of the Show-Me Institute. In the 1970s, he coauthored (with Roger Ibbotson) a series of papers and books titled *Stocks, Bonds, Bills & Inflation*. At American National Bank of Chicago, he pioneered many of the nation’s first index funds. He is a life trustee of DePaul University and a trustee of the St. Vincent Home for Children in Saint Louis, and serves on the boards of the Saint Louis Symphony Orchestra, the Saint Louis Art Museum, the Missouri Botanical Garden, Opera Theatre of Saint Louis, and Saint Louis University. He received a B.S. from Saint Louis University and an M.B.A. from the University of Chicago.

Louis Griesemer - Vice Chairman
Louis Griesemer is president and CEO of Springfield Underground, Inc. He previously served as chairman of the National Stone, Sand, and Gravel Association. He currently serves on the advisory board for UMB Bank in Springfield and on the board of Burgers’ Smokehouse in California, Missouri. He holds a bachelor’s degree from Washington University in Saint Louis.

W. Bevis Schock - Secretary
Bevis Schock is a lawyer in solo practice in Saint Louis. He founded the Shrink Missouri Government PAC, which challenged the constitutionality of Missouri’s campaign contribution limits before the United States Supreme Court in 2000. He received a B.A. in history from Yale University and a J.D. from the University of Virginia.

Joe Forshaw - Treasurer
Joseph Forshaw is the immediate past president and CEO of Forshaw of St Louis, Inc., a family-owned business founded in 1871. He served for 15 years as an advisory director for Commerce Bank, and prior to his retirement served as the managing partner for several family real estate partnerships. Forshaw received both his B.A. and J.D. degrees from Saint Louis University.

Jennifer Bukowsky - Director
Jennifer Bukowsky is a constitutional and criminal defense attorney in Columbia, Missouri. She serves on the Missouri Supreme Court’s Task Force on Criminal Justice and is on the Steering Committee of the Federalist Society–Jefferson City Lawyers Chapter. She previously served on Governor Eric Greitens’ Transition Team, and was an adjunct professor of law for the University of Missouri. She is a *Missouri Times* columnist and a weekly guest on the Gary Nolan Show. She received a J.D. with highest honors from the University of Missouri School of Law in 2006, and earned master’s and bachelor’s degrees in accounting from the University of Missouri–Columbia in 2001.

James G. Forsyth III - Director
James Forsyth is president and CEO of Moto, Inc., which operates the MotoVart chain of gas stations and convenience stores. He is also president and CEO of two other family-owned businesses: Forsyth Carneville Coal Company and Missouri Real Estate. He serves on the boards of St. Luke’s Hospital, the YMCA of Southwestern Illinois, and Commerce Bank of Saint Louis. He has served on the boards of Webster University and Forsyth School. He holds a bachelor’s degree in economics from the University of Virginia.

Hon. Robert M. Heller - Director
Robert Heller is a retired judge who served for 28 years on the Shannon County Circuit Court in Missouri, where he presided over a broad range of civil and criminal cases both locally and throughout the state.
Megan Holekamp - Director
Megan Holekamp is a Real Estate Broker at Janet McAfee Inc., the largest independently owned luxury real estate broker in Saint Louis. She has served on the Development Board of Edgewood Children’s Center, as class chair for the Parents Association at Mary Institute and Saint Louis Country Day School, and as the Co-Chair of the Center of Creative Arts’ annual fundraising gala. Over the years she has also volunteered with a number of organizations, including WINGS Pediatric Hospice and Ladue Chapel Presbyterian Church. She holds bachelor of science degrees in business administration and marketing from Washington University.

Gregg Keller - Director
Gregg Keller is the principal of Atlas Strategy Group and is widely regarded as one of the preeminent public affairs professionals in the country. A former executive director of the American Conservative Union, the Conservative Political Action Conference (CPAC), and the Faith & Freedom Coalition, Keller has been an advocate for free-market public policy at local, state, and national levels for 15 years.

Michael Podgursky - Director
Michael Podgursky is a professor of economics at the University of Missouri–Columbia, where he served as department chair from 1995 to 2005, and is a former fellow of the George W. Bush Institute. He has published numerous articles and reports on education policy and teacher quality. He serves on advisory boards for various education organizations and editorial boards of two education research journals. He earned his bachelor’s degree in economics from the University of Missouri–Columbia and a Ph.D. in economics from the University of Wisconsin–Madison.

Gerald A. Reynolds - Director
Gerald A. Reynolds was general counsel, chief compliance officer, and corporate secretary for LG&E and KU Energy. He previously served as general counsel for the Eastern Division of American Water Works, Inc., and assistant general counsel at Kansas City Power & Light Company. He also was a deputy associate attorney general in the U.S. Department of Justice. In 2004, President George W. Bush designated Reynolds to serve as chairman of the U.S. Commission on Civil Rights, and in 2002 appointed him assistant secretary of education for the Office of Civil Rights. He received his law degree from Boston University School of Law and his B.A. in history from City University of New York–York College.

Kevin Short - Director
Kevin Short is managing partner and CEO of Clayton Capital Partners. In addition to contributing to various national trade and business publications, he is the co-author of Cash Out Move On: Get Top Dollar and More Selling Your Business. He is chairman of the Today & Tomorrow Educational Foundation, past president of the Board of Education and current chairman of the Finance Council for the Archdiocese of Saint Louis, board member of the Children’s Scholarship Fund, and past member of the boards of the Chess Club and Scholastic Center of Saint Louis.