2018 ANNUAL REPORT

Show-Me Institute
Where Liberty Comes First

SOME PEOPLE NEVER LEARN

CONTENTS

REFLECTIONS FROM T

R. Crosby Kemper III
Chairman

Rex Sinquefield
President

For a long time, Missouri has underperformed the rest of the nation in economic growth. Why? And why do our cities and state continue to throw good money after bad in tax breaks and other subsidies for rich developers and corporations?

In recent decades, the United States has consistently trailed dozens of other advanced nations in educational performance. Why? And why the sudden popularity of socialism in the midst of a free-market economic boom?

Show-Me Institute Chairman Crosby Kemper III and President Rex Sinquefield sat down to discuss these issues with Andrew Wilson, the Institute's senior writer.

On socialism as a topic for this annual report:

Rex:
Great. We get to address an extremely relevant and important topic. If socialism means anything, it means government ownership and control of the means of production and distribution. With socialism you have to have a plan for how the economy is supposed to work, and with a plan you have to have enforcement. That means you lose your profits and you lose your freedom. Other than that, socialism works just great!

Crosby:
The difference between socialism and a welfare state begins to blur if you make the welfare state large enough. The massive expansion of the welfare state since the 1960s has eliminated poverty in a real sense and has been massively redistributional. But it has actually made inequality worse. That's because we have eliminated the incentive to work, particularly

for men—suppressing the active and very human need for learning and self-improvement. Still more, in our whole approach to education, we have focused too much on increasing the level of spending, and not enough on improving quality. We have focused too much on various social equity issues, and not enough on academic achievement and performance. As a result, we have dramatically reduced the power of education to encourage upward mobility.

On socialism as a means of ending the supposed scourge of inequality:

Rex:
There's this crazy argument about inequality as if there was something inherently evil about inequality. There's not. It's a natural outcome. If you start everybody out the same, at the end of a generation there are going to be vast differences among people.

It's a well-known statistical fact that as the population increases, the range between the high and the low increases. Five years from now, the rich will have gotten richer relative to others, but that does not mean that the good fortune of those at the top has come at the expense of the people at the bottom or in the middle. The people who are wealthy usually get that way because they make a lot of other people better off, and they also create a lot of jobs.

Crosby:
The Left have captured the news media; they have captured the direction of the argument. We can talk about socialism per se or we can talk about different examples of left-wing extremism. The Left talk about abolishing ICE (the U.S. Immigration and Customs Enforcement agency). What does that mean? Do they really want to abolish all immigration laws and have totally open borders? And then there's the Green New Deal that would supposedly get rid of the internal combustion engine and totally eliminate the need for fossil fuels. That would cost trillions and trillions of dollars. If that happens, it will lead to massive destruction of the American economy. It won't be about ending poverty; it will be about creating equal misery for all of us.

On proposals to soak the rich as a means of alleviating poverty:

Crosby:
I don't care about the rich per se. Ridiculously high rates of taxation on anyone (saying you own only a tiny portion of what you have earned) are confiscatory, unfair, and unconducive to economic growth. They are also instantly subject to various forms of interest-group manipulation and regulatory capture. In the 1940s and 50s, the 90-percent rates on high earners did not meaningfully raise more revenue or increase the percentage of revenue raised from the top one percent or five percent.

The advocates of confiscatory taxes make a big show of attacking the rich and successful. They work through envy and the pernicious ability to draw divisive us-versus-them caricatures. But that is no way to help the poor or minorities. The best way to do that is to empower them—through access to a good education when young and to plentiful opportunities for employment in a growing economy when older.

On the anti-capitalist sentiments of many people—including some well-known billionaires who became rich through capitalism:

Rex:
I don't get it. I don't know—they're just not very learned. They haven't read history and they don't know economics. Being rich doesn't necessarily make you smart or well informed. I think their ignorance is a huge act of intellectual negligence in being totally uninformed about how the world works and how the economy works. To me it's unbelievable that they can go through their lives being that uninformed.

On the American educational system:

Rex:
The problem is primarily at the high school and college levels, where the kids' heads are filled with leftist mush, but that doesn't have a long half-life. Once they get out into the real world and have to make a living, they get beat up by this guy named FICA (the mandatory payroll deduction taken out of workers' paychecks to

provide Social Security and Medicare benefits to older Americans) and they begin to understand what's going on.

Crosby:
I believe that there must be some special subsidies within public education for children from disadvantaged backgrounds. As Friedman argued, there is a social gain from greater equality of opportunity that justifies the use of taxpayer money in helping children from broken homes, extreme poverty, and other conditions that put them at a severe disadvantage vis-a-vis other children.

On the future of free-market capitalism:

Crosby:
In the United States and around the world, free-market capitalism has been responsible for the greatest increase in well-being in the history of the world. The incentive of economic rewards that have unequal consequences is part of that. As a prominent member of Margaret Thatcher's government said, "You need inequality to solve the problem of poverty."

St. Louis's population grew every year from 1850 to 1950. Since then, the city's population has just plummeted. But when I mention the earnings tax as one reason why that happened, political leaders in the city will say, "Oh, no, not that again." They don't want to hear it. They don't want to confront bad ideas and bad policies.

Rex:
I'm optimistic because free markets will continue to produce wealth, and I think people will continue to appreciate the huge benefits of free-market capitalism in spreading both freedom and prosperity.

On below-average economic and population growth in the Show-Me State, combined with above-average resistance to change through pro-growth, free-market reforms:

Rex:
It's frustrating. There's a lot of inertia on a whole range of important issues. Take school choice. Missouri has a long history of hostility to charter schools and—more broadly—to anything that would disturb the monopoly power wielded by local school districts in the supply of free public education. Unless parents can afford to send their children to private schools or to move to a different district, they must accept the local school or schools to which their children are assigned, like it or not. There are 518 school districts in our state and only two of them (Kansas City and St. Louis City) have charter schools—and those two districts were forced to accept charters as part of the resolution of long-standing desegregation cases in the two cities. We have been unable to persuade out-state legislators on the merits of expanding school choice, and that's where it breaks down in the Missouri Legislature—even with the support of some legislators in urban areas who know and appreciate the benefits of school choice.

Crosby:
At some point in the recent past, politicians came to believe that if something was good for business then it was good for the state. And while it's important that Missouri remain competitive when it comes to our tax structure, it's necessary that Missouri remain competitive for *everyone*. Unfortunately, Missouri chooses to have an uncompetitive tax structure for most, but to offer special deals to businesses like Amazon or General Motors. This may be good for a few businesses with well-staffed government-relations departments; it is not good for the majority of businesses that create jobs and drive innovation and investment. Legislators across Missouri seem resistant to the idea that they can do more by doing less and treating everyone equally.

On what can be done to move ahead with greater school choice for parents of children stuck in poor-performing schools:

Rex:
You have to think incrementally. Every time another charter school starts, it's another chink in the armor of the state monopoly that opposes school choice in public education.

A number of years ago, at a meeting at the Show-Me Institute at its old location on West Pine, I asked the superintendent of a St. Louis school district, "What is your fantasy, if there was one thing you could change that would make the biggest difference in our schools?" He said, openly and on the record: "Getting rid of the (teachers) unions." I said, "You have the power to do that. You can turn every one of your public schools into a charter and be free of the unions."

The educator talked a good game, but he didn't do a thing and I don't know what prevented it. Conventional public schools in the two biggest cities in Missouri are facing real competition now. Charters serve 46 percent of public-school students in Kansas City and 35 percent in St. Louis City. The question is: When we will be at 100 percent? That's when we'll see the biggest and best change for parents and kids.

Crosby:
There is a real tyranny of the status quo in K-12 education. Everyone wants to believe that their teachers and their schools are above average, and that everything is for the best in the best of all possible worlds. Charter schools can help promote greater competition and choice in school districts all across Missouri, and that includes a number of affluent suburban communities where school performance is no better than mediocre.

On other examples of the inertia—or resistance to change—in perpetuating bad policies in the state of Missouri:

Rex:
TIF (tax-increment financing) and other forms of tax carveouts to stimulate local economic development are worse than zero-sum games. They are negative-sum games. When a business is lured from one municipality to another because of TIF, there is no increase in its business; these subsidies are a waste of time and a drain on the public purse. In many cases, TIF has the perverse effect of transferring tax revenues from their originally intended beneficiaries (the urban poor) to wealthy developers and affluent urban dwellers who live, work, and shop in buildings constructed with the help of subsidies.

Then there is the one-percent earnings tax, which has been in effect in St. Louis City since 1954 and in Kansas City since 1963. Everyone who lives, works, or owns a business in the city limits of St. Louis or Kansas City pays the earnings tax. Though easy to collect, the earnings tax is also easy to avoid—just move outside the city limits to any nearby suburb or municipality. That's all it takes for business owners to avoid the one-percent tax they pay on their net profit. At the same time, they no longer have to take $1 out of every $100 they pay to their employees and remit that to the city.

St. Louis's population grew every year from 1850 to 1950. Since then, the city's population has just plummeted. But when I mention the earnings tax as one reason why that happened, political leaders in the city will say, "Oh, no—not that again." They don't want to hear it. They don't want to confront bad ideas and bad policies.

Crosby:
Good ideas and good policies come from embracing freedom of choice and individual liberty for all. That is our mission at the Show-Me Institute.

Sincerely,

Crosby Kemper III

Crosby Kemper III, Chairman

Rex Sinquefield, President

July 17, 2019

MISSOURI'S BUDGET BUSTERS: MEDICAID AND EDUCATION

For the sixth straight year, Missouri's state budget is setting a new spending record. Yet many of the state's most basic needs, like infrastructure, are not being met. The primary reason is that Missouri's two biggest programs—Medicaid and K-12 education—are costing more and delivering less.

Six years ago, state legislators wisely rejected the federal offer to expand Medicaid services under Obamacare. However, even without the jump in enrollment that expansion would have caused, the program's costs have continued to grow. Today, Missouri's Medicaid system has lower enrollment today than it did in 2005, but *costs nearly twice as much*.

It would be one thing if Medicaid recipients were getting healthier as a result, but we still don't have evidence of that. As Show-Me Institute analysts have been documenting for years, government-run health care programs are more costly and lead to worse health outcomes than their free market–based counterparts. Yet state lawmakers have balked at reform opportunities that have the potential to control costs or improve the quality of care. As a result, Medicaid now consumes more than 37 percent of the state's annual budget, making it Missouri's most expensive program. To make things worse, the state's own figures show that if the state's economy goes into recession, Medicaid will consume more than half of the state's budget.

In effect, Missouri is shoveling more and more money into a dysfunctional system just to keep it afloat while squeezing every other priority. Eventually that will have to end. As the economist Herbert Stein famously said, "If something can't go on forever, it will stop." Far better to make the necessary reforms now, before the crisis comes.

Medicaid isn't the only problem area. For each of the past three years, lawmakers have celebrated their decision to "fully" fund the state's K-12 education formula. But that decision simply perpetuates the growth of the education budget, because the education aid formula is designed in such a way that "fully" funding it actually increases the cost of reaching full funding the following year. As a result, the one sure effect of fully funding education is to guarantee that spending on education increases every year.

And as with Medicaid, the additional spending is not producing demonstrable positive results. In fact, public schools now receive more money than ever without either teaching more students or improving the performance on standardized tests of the students they do teach.

If one fact about public education has been proved again and again, it is that at the level Missouri is now spending, greater aggregate funding will not, by itself, produce better education.

The phenomenon being experienced in Missouri may be an example of Baumol's Cost Disease, first described by NYU economics professor William Baumol. Baumol studied the performing arts and noted that the wages of musicians continued to rise even though their productivity didn't; it takes the same number of musicians the same amount of time to perform a Beethoven symphony today as it did two hundred years ago. Baumol concluded that wage growth in high-productivity sectors of the economy also drives up costs in low-productivity sectors. The distinguishing symptom of Baumol's disease is cost growth that doesn't provide a corresponding increase in value.

Is there no way out of this dilemma of ever-rising costs and falling productivity in Missouri's two biggest programs?

Of course there is—if you stop thinking that you have to keep on playing the same sheet music year after year and decade after decade and instead start looking for new and better ways to address the problems that we face today in health care and education.

The answer lies in reform, not in more spending. Show-Me Institute analysts and scholars have pointed out on many occasions that there is no shortage of ways to get far more bang for the buck in both health care and education through forward-looking, market-oriented reforms. It is time for leaders in Missouri to step up and make a sustained push for real reform in public education and health care.

—Elias Tsapelas, Analyst, Show-Me Institute

Jefferson City

MOST OF MISSOURI REMAINS OFF-LIMITS TO CHARTER SCHOOLS

A shadowy figure hides in plain sight. It works behind the scenes, and it knows how to pull strings in local communities everywhere. That, in turn, allows it to exert a powerful influence over members of the Missouri Legislature. What does this singular creature want? That is less important than what it *doesn't* want. It is adamantly opposed to healthy competition and choice in Missouri public schools.

Who is this shadowy figure?

It is Missouri's educational establishment, consisting of three main parts—school superintendents, teachers' unions, and school boards. Each of these groups has its lobbyists in Jefferson City.

Whenever legislation is proposed that would give parents and students a wider range of options in selecting schools, the establishment closes ranks and speaks with one voice in order to maintain its control of public education in Missouri. This is the voice of the shadowy figure, who whispers in the ears of lawmakers from every part of the state.

VOTE NO. VOTE NO. VOTE NO.

History repeated itself in the 2019 session of the Missouri Legislature. There were two bills before the legislature that would have expanded school choice. One would have set up a mechanism to provide state tax credits to individuals and corporations that donated to education savings accounts (ESAs). Qualifying families could have used funds from these ESAs at their own discretion—to purchase school supplies, tutoring services, or private school tuition. Horror of horrors, from the viewpoint of Missouri's educational establishment, the bill would have contributed in a small way to increased competition between public and private schools.

The other bill would have made it a little easier for charter schools to gain a foothold in medium-sized Missouri cities (including Springfield, Joplin, Columbia, Cape Girardeau, and Jefferson City) as well as in suburban districts in St. Louis County. At the same time, the bill would have outlawed the practice of barring charter schools from bidding at auction for empty and long-abandoned school buildings. It is hard to think of a more mean-spirited tactic to discourage charter school start-ups than this one, aimed at preventing them from putting empty space back into active and productive use in improving public education.

Neither bill came close to passage. Senators representing low-performing school districts filibustered both bills. They chose to prevent their colleagues from even voting to give parents options other than sending their children to their assigned public schools. They repeated long-disproved claims that *anything that promotes school choice* is an effort to kill public education and pull the plug on local control of public schools.

People in other parts of the country know better. They have come to realize that restricting school choice works to the detriment of public schools, while widening school choice is an essential element in the urgent task of revitalizing public education. With dozens of countries around the world having surpassed the United States in how well their students perform in reading, math, and science, the time for complacency (and blind faith in the way things have always been done) has passed.

We cannot emphasize enough how far behind Missouri policymakers and the educational establishment have fallen, compared to their counterparts in other states, in recognizing the very real positive effects of school choice policies that allow and encourage greater competition among schools. They are like Rip Van Winkle waking up from his 20-year slumber to find the world has changed—but, in this case, they have yet to rub the sleep from their eyes.

OTHER CITIES AND STATES FORGE AHEAD . . .

Nineteen states, including Illinois, Indiana, Iowa, Kansas, and Oklahoma, have programs paid for with tax credits that award scholarships to qualifying public school students enabling them to switch to private schools that are more than happy to have them. Let it be noted that there are plenty of available seats in private schools in Missouri—more than 28,000, according to a study done for the Show-Me Institute by a member of our Board of Scholars.

Today, over 7,000 charter schools operate as part of local school districts in 43 states, the District of Columbia, and Guam. These schools serve more than 3.2 million students, or about 7 percent of the total enrollment of public schools across the country. In 2017–18, more than 10.5 million public school students, or one in five, attended school in a district in which 10 percent or more of the public school students were charter school students. Twenty-three states place no caps on the number of charters that can operate, and many fund charters and traditional public schools at equal or nearly equal levels.

What makes charter schools different from other public schools is a contract, or "charter," that gives them considerable independence in how they handle their own affairs as long as they meet established targets for performance and continue to enroll a sufficient number of students to operate under a balanced budget. More importantly, an independent board (rather than the local school board) provides oversight of the school.

In many other states, including Arizona, California, Colorado, Florida, Louisiana, and New York, local school districts have sponsored and supported innovative charter schools within their jurisdictions. And why not? Charters are a way of moving quickly to set up new schools where they are needed, and they give options to parents, making the district a more attractive place for families to locate.

Florida is a prime example of a school choice–rich state. Two decades ago, its schools ranked near the bottom of U.S. schools. Reform began in 1999 under the leadership of then-incoming Gov. Jeb Bush. Today Florida has more than 655 charter schools with 283,000 students, or about 10 percent of the state's total public school enrollment. There are charter schools in 46 of the state's 67 school districts. Parents and students in Florida may apply for enrollment and transportation to any public school with open seats. In addition, Florida has an array of publicly funded scholarship programs aimed at low-income students, students with disabilities, students who are bullied, and students not reading at grade level. This legislative session, Florida adopted yet another scholarship program to serve low- and middle-income students.

How are students in the Sunshine State doing today? Much better than before.

On the National Assessment of Educational Progress (NAEP), known as the Nation's Report Card, Florida 4th-graders are performing almost a whole grade level above the national average in reading and math, and their scores have been improving consistently over the last decade.

If you look at the graphic on the facing page, which tracks how a state's NAEP scores compare to the national average and how much each state's scores have improved over time relative to the national average, Florida is in the top-right quadrant—doing well on both counts. That's where you want to be.

Missouri is in the bottom-left quadrant—underperforming on both counts. That's where you *don't* want to be. Like Missouri, most of the other states sharing this space have little or no school choice.

If school choice were really such a threat to public education, this graphic would look a lot different. We are perplexed at how states in the bottom-left quadrant, including Missouri, can think that taking a strong stance against school choice is a winning strategy.

WHILE MISSOURI LAGS BEHIND

Missouri has a near-perfect record on school choice—*perfectly miserable*. Out of 518 school districts in Missouri, only two—or less than half of one percent—have charter schools. The two exceptions are Kansas City and St. Louis City, and it wasn't as if the school superintendents and teachers' unions in those two districts welcomed charter schools with open arms and of their own free will. To the contrary, they fought long and hard in the 1990s and early 2000s to keep them out.

Outside of the two big cities, there are no charter schools anywhere in the state. There are none in suburban districts outside St. Louis and Kansas City, none in other cities and towns, and none in rural areas.

One reason is simple enough. For some time now, each local school board has had what was effectively the sole right to sponsor and open charter schools within its boundaries. And none would. One of the bills that failed in the legislature this year would have paved the way for other organizations—not under the thumb of local districts—to come in and sponsor charter school startups in medium-sized Missouri cities.

Rather than bringing choice to Missouri students, DESE has occupied itself with switching curricula and tests, and it has stood by a school accountability system that is of little use to parents or policymakers. And there has been no press for change from the state board of education or the governor's office. The idea that those within the public education establishment are naturally predisposed towards any form of school choice certainly isn't true outside of Missouri, either. But governors and state education leaders in other states (such as Jeb Bush in Florida, Bobby Jindal in Louisiana, and Mitch Daniels in Indiana) have been instrumental in pushing wide-ranging education reforms.

In our book, DESE, the state board of education, and our current and previous governors have been complicit in the failure of reform efforts. Over two decades or more, key figures in the executive branch have tacitly accepted the status quo by doing nothing to oppose it.

THE ESTABLISHMENT HAS NOTHING TO FEAR BUT FEAR ITSELF

Charters have established a track record of having a broad, positive impact on all players in public education. Across the United States, charter schools are thriving in cities both big and small. They aren't, and have never been, confined to urban areas. In the 2016–17 school year there were nearly 1,800 suburban charter schools and over 1,200 in small towns and rural communities.

There are good reasons to think that Missouri won't be a no-show state for charter schools and wider school choice forever. First, people here want choice. One survey found support levels of 60 percent or higher among registered voters in Missouri for school vouchers, education savings accounts, and a tax-credit scholarship program. Second, the status quo is not working. Only about one-quarter of Missouri high school graduates meet the ACT College Readiness Benchmark.

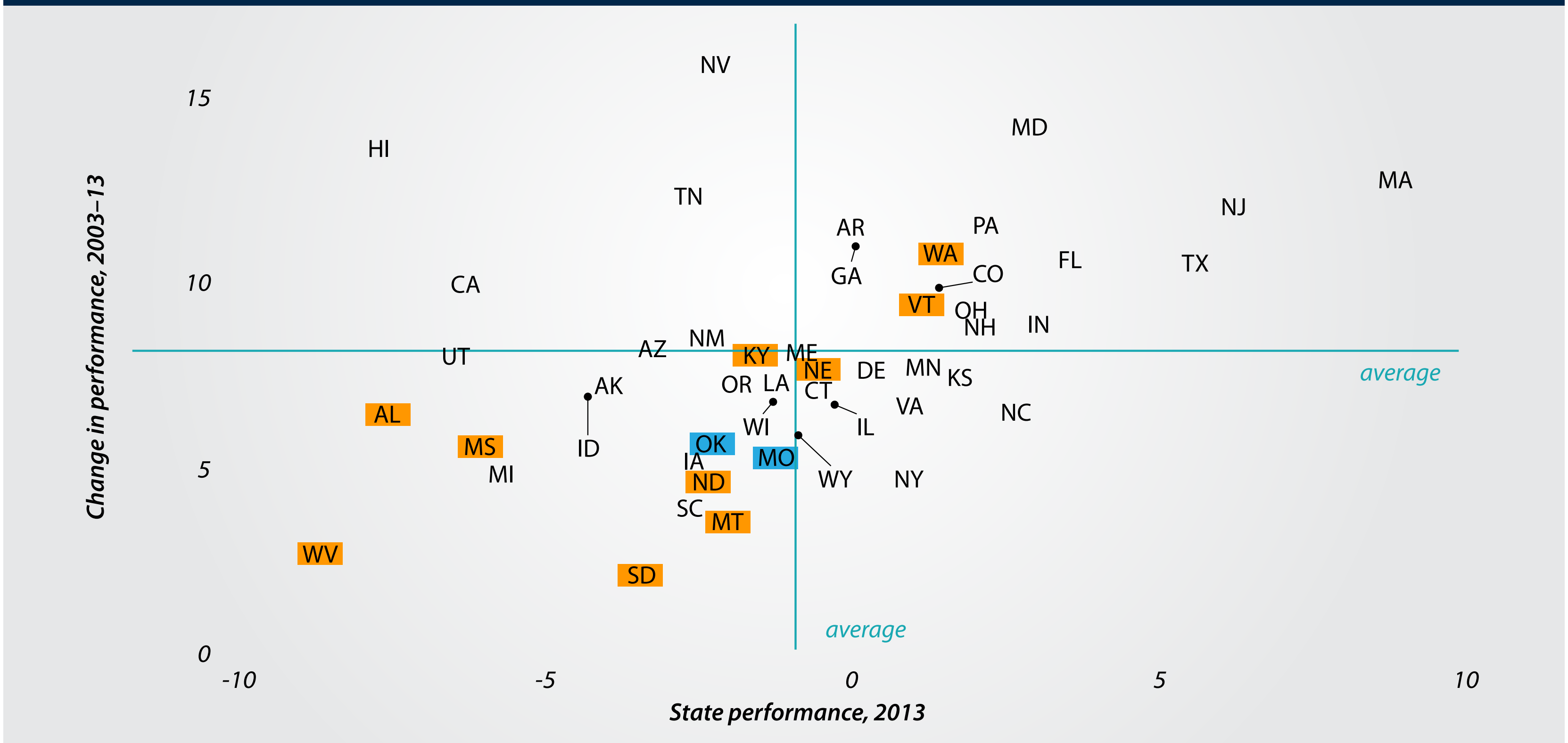
One argument that a backward-looking education establishment makes against freedom for charter schools, parents, and students is that it would undermine local control of public schools. But it would do no such thing.

Local school boards and superintendents would not lose control over traditional public schools within their jurisdictions. That would stay the same. But they would face some real competition on their own turf. That would be a good thing. It might cause them to think:

We are going to have to start doing things differently in order to succeed.

State NAEP Performance (2013) and Changes in Performance (2003–13)

Adjusted for demographics, in months of learning



Notes: The x-axis shows each state's performance on the National Assessment of Educational Progress (NAEP) exams given to 4th- and 8th-graders in 2013. The y-axis shows the difference in performance on NAEP between 2003 and 2013 for each state.

The blue vertical and horizontal lines represent the national average in 2013 test performance and improvement between 2003 and 2013, respectively, measured in months of learning.

States highlighted in yellow had no charter schools as of 2013.

States highlighted in blue allowed charter schools only as "punishment" for poor performance as of 2013.

Source: Chingos, Matthew M. Breaking the Curve: Promises and Pitfalls of Using NAEP Data to Assess the State Role in Student Achievement. 2015 Report, Urban Institute.

THE FIGHT CONTINUES

The battle for expanded school choice in the Show-Me State is not over. One of the reasons it will continue is the increasingly strong performance of charter schools in the two Missouri cities where they operate.

Starting from zero at the turn of century, charter schools now account for 36 percent of the total public school enrollment in St. Louis City and 46 percent in Kansas City. At the same time, they account for six out of the ten highest-performing schools in each of these two districts. What's more, almost all of the charter schools in the two cities have waiting lists.

Charter schools would have waiting lists in other counties as well. More kids would succeed, and Missouri would become a more attractive place for people to move to and flourish. In a nutshell, that is why the establishment opposes charter schools—not because it thinks they will fail, but because it fears they will succeed all too well.

—Andrew B. Wilson, Senior Writer, Show-Me Institute

—Susan Pendergrass, Director of Research and Education Policy, Show-Me Institute

FREE ENTERPRISE OR CAPITALISM? DON'T BE

Brenda Talent

Free enterprise uses a simple conjuring trick to great effect: It gives people what they want. Still more, it is constantly coming up with new things they like even better. Think of the development of smart phones, online commerce, Google, Instagram, and other products of the digital age.

For that reason, millennials—even those who are infatuated with Bernie Sanders and socialism—still like or even love free enterprise. They don't see anything wrong with free choice in an open marketplace where scores of vendors compete with one another, nor do they object to the continuing stream of more and more ingenious and affordable products that emerges from the competitive melee.

That is free enterprise, and it is widely appreciated. Think of it as the rose.

But capitalism?

Capitalism is the rose by another name that doesn't smell as sweet. In fact, with this other name, what is also called free enterprise takes on a very bad odor for many people. How is that possible?

The most succinct explanation was put forward by Ludwig von Mises: "The system of free enterprise has been dubbed capitalism in order to deprecate and to smear it."

That attempt to disparage free enterprise began with Karl Marx. In the first volume of *Das Kapital*, published in 1867, Marx popularized a conception of capitalism that contained a couple of the essential elements—namely, private property and business leaders guided by the desire to make a profit under marketplace conditions—that Adam Smith had highlighted in *The Wealth of Nations*. But Marx gave his version of capitalism a new and vicious twist.

Under Marx's formulation, capitalists did *not* seek to succeed and grow rich by developing better products at a lower cost that would appeal to more people. Instead, they made their money through the exploitation of labor. The underpaid worker was the ultimate source of surplus value. And even that was a mug's game because, as competition among the capitalists intensified, profit margins would shrink, the exploitation of workers would worsen, and the day when the workers would rise up and revolt against the capitalists and the ruling class that supported them would draw closer.

Now here is the most critical difference between Karl Marx and Adam Smith. Marx wanted to abolish private property and have the state take over from the capitalists (both factory owners and merchants) in owning the means of production and distribution.

By contrast, Smith, who was writing almost a hundred years earlier, wanted legislators and other representatives of government to get out of way and let the marketplace work its magic through voluntary exchange between buyers and sellers. And—to Smith's way of thinking—it was always the buyer or consumer who should have the final word, *absent any attempt by lawmakers to rush to the aid of producers seeking special favors*. As Smith wrote in *The Wealth of Nations*:

> *Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to only so far as it may be necessary for promoting that of the consumer.*

Adam Smith felt about lawmakers interfering in the marketplace—either in trying to pick winners and losers or in setting special quotas or tariffs—the same way that a prudent gardener would feel about an interloper who knew nothing about horticulture coming into his garden and making critical decisions about what to plant and where. Smith knew that no good would ever come from this kind of interference from lawmakers.

Think of the many millions of people who starved to death under Lenin, Stalin, Mao, and other communist dictators. We are not talking about people who were deliberately starved by the regimes (though there were millions of those as well) but only those who could not get enough to eat because their dictators—the elite vanguard who appointed themselves to usher in utopia—destroyed private farms, banned private property and voluntary exchange, and insanely attempted to "re-educate" farmers to accept collectivized agriculture.

But, surely, we are smarter today, aren't we? Apparently, not all of us, if you consider some of the extravagant proposals embraced by prominent figures on the Left in every area of economic activity from industry to farming. Think of Medicare for all, free college, and a Green New Deal that would ban the use of fossil fuels.

CAPITALISM ISN'T JUST THE BEST ECONOMIC SYSTEM BECAUSE IT WORKS THE BEST. IT'S THE BEST ECONOMIC SYSTEM BECAUSE IT'S ALSO THE MOST MORAL WAY OF PRODUCING THE GOODS AND SERVICES THAT EVERY SOCIETY MUST HAVE. CAPITALISM IS CALLED "FREE ENTERPRISE" FOR A REASON: IT GIVES PEOPLE FREEDOM. ALL OF THE ALTERNATIVES TO CAPITALISM TAKE AWAY FREEDOM AND EMPOWER THE STATE.

The heart of the Left's agenda is socialism, and the ideal solutions sought under socialism are nothing more than dangerous or delusionary fantasies, dreamt up without any regard to cost or actual benefit. They are things that can't be and never will be.

We cannot fund higher education while disregarding the laws of economics. We cannot put everyone into the Medicare program without destroying both Medicare and private health care and pushing our government toward insolvency.

As for the Green New Deal, we cannot farm our land in defiance not only of the laws of economics, but also the laws of physics, as Andrew Wilson, the Show-Me Institute's senior writer, and Jim Seeser, a Show-Me Institute supporter, pointed out in commentaries in *The American Spectator* and the *Columbia Tribune*.

But there is a tried-and-true alternative. Whatever you want to call it—free enterprise or capitalism—it will go on giving people what they want, and it will unfailingly deliver far more bang for the buck (or for every dollar taken out of people's pockets) than any other economic system. There is no other system that compares in providing sustained economic growth and widespread prosperity.

But capitalism isn't just the best economic system because it works the best. It's the best economic system because it's also the most moral way of producing the goods and services that every society must have. Capitalism is called "free enterprise" for a reason: it gives people *freedom*. The alternatives to capitalism, whether called socialism, communism, or the Green New Deal, take away freedom and empower the state.

At the Show-Me Institute, we know where those alternatives lead. The Show-Me Institute is where the tire meets the road for free-market thinking in Missouri. Across a wide range of policy issues, we apply that thinking to provide solutions to the problems of everyday people, confident in the knowledge that freedom and prosperity will thereby be advanced.

—Brenda Talent, CEO, Show-Me Institute

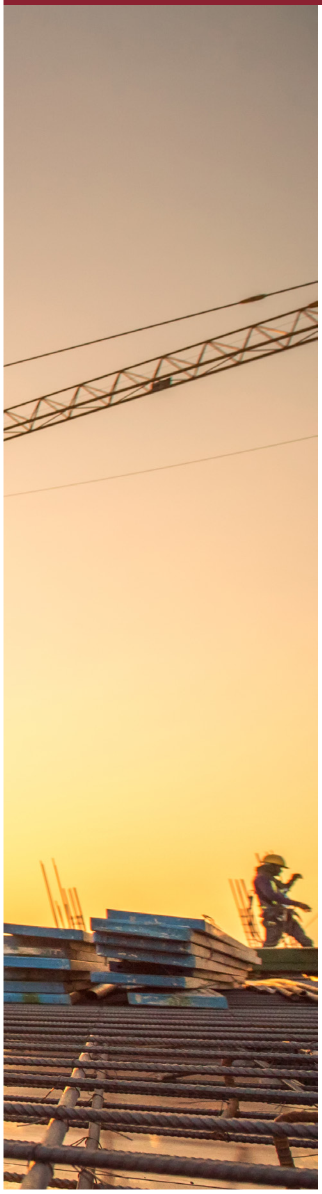
LAND OF LABOR OVER LAND OF LEISURE

Before going to a new city or state, browsing a visitor guide can be helpful in directing a traveler to the best parts of that area. Among other things, Kansas City's guide features an unmatched barbeque scene and, as the Gateway to the West, St. Louis is known for its historical attractions.

Back in the early 1780s, Benjamin Franklin wrote his own guide for Europeans interested in moving across the Atlantic. He described America as "the Land of Labour" and boasted that the local economy was home to "a general happy Mediocrity [middle ground] that prevails," with "few people so miserable as the Poor of Europe," and "very few rich enough to live idly upon their Rents or Incomes."

Franklin's pamphlet, *Information to Those Who Would Remove to America,* was not meant to be an essay on political philosophy, but it provides important insights into the interdependent relationship between the new American form of government and the virtue of industry—in other words, a culture of working hard to provide for yourself and your family. Franklin's lesson that liberty simultaneously relies on and encourages a strong work ethic is still relevant today in light of declining labor force participation, particularly among men.

Unlike Europe, America offered opportunities for even the poorest immigrants to succeed through the abundance of affordable land, protection of property



rights, few barriers to learning a skilled trade, and the absence of a government-favored aristocracy. While nothing would be given to those coming to America, they would be able to make a living and raise a family more easily than in Europe, as long as they were, in Franklin's words, "sober, industrious, and frugal."

It is unnecessary to list the ways in which the modern economy and labor force differ from the America Franklin was describing, but even those changes fail to explain why attachment to the labor force has weakened in the last five decades (for men) or why it has been decreasing for women since the 1990s. A recent working paper from the National Bureau of Economic Research documented the decline in labor-force participation among men aged 25 to 54. In 1960, over 97 percent of men within this age group were in the labor force. By 2015, labor-force participation had dropped to about 88 percent.

Those who dropped out of high school or graduated but did not get a college degree were the primary drivers of this decline. Fifty years ago, virtually all men—including even those who had dropped out of high school—were in the labor force. By 2015, only 85 percent of high school graduates and less than 80 percent of dropouts were working or looking for work. What's more, when the authors of the report excluded foreign-born men, the labor-force participation rate among high school dropouts plummeted to 65 percent. For Missouri, this means that at least 100,000 men who are either high school dropouts or graduates without a college degree are jobless and not even looking for work.

It is not a coincidence that increasing numbers of men began leaving the labor force after an unprecedented expansion of government by the Johnson administration in the 1960s. Excessive regulations, high taxation, poor-quality education (particularly for low-income students) and a generous welfare state have all contributed to the erosion of labor-force participation. As the share of people working or looking for a job shrinks, government grows to fill the gaps, creating a vicious circle.

Undoubtedly, there are numerous ways in which people of all economic classes are better off today than they were 200 or even 50 years ago. In some respects, however, we have made little progress: Even with the expansion of entitlement programs, the proportion of people living below the federal poverty line and dependent on government aid has remained about the same for the past 50 years.

In other words, it's not free markets that are failing. Our economic system is producing jobs, growth, and wealth, but the government is discouraging and sometimes penalizing work.

Reviving the virtue of personal industry is not just worthwhile but necessary to reduce dependence on public assistance and maintain a government that respects individual liberty and economic freedom. These two core values are under threat; consider that Missouri voters approved an increase to the minimum wage, clamors continue for Medicaid expansion, and ever-growing entitlement spending makes it increasingly difficult to reduce or eliminate taxes that hinder economic growth.

Policies that encourage work are desperately needed if Missouri is going to prosper. Providing quality traditional and vocational education for people from all economic classes, removing burdensome regulations to entering the workforce or starting a business, and letting people keep more of their hard-earned dollars—or, as Franklin puts it, "enjoy securely the profits of [their] industry"—are what will move the state forward. If Missouri can accomplish these things, then the Show-Me State will be able to proudly promote itself as the "Land of Labor" as well.

—Emily Stahly, Analyst, Show-Me Institute

THE POVERTY OF MISSOURI'S HIGH-END QUASI-SOCIALISM

Everyone wants a golden toilet. At least I know I want one.

But a world where everyone had a golden toilet would represent a tremendous waste of resources. That's because in the real world, the question we face isn't "Do I want a golden toilet or not?" The real question is "Do I want a golden toilet so much that I'm willing to forgo the other things I could get for my money?" Unfortunately, leaders in Missouri's two biggest cities often seem to be answering the first question rather than the second.

Take, for instance, the endless efforts to revitalize urban neighborhoods in St. Louis and Kansas City. Through subsidy programs like tax-increment financing (TIF), tax abatement, and special taxing districts policymakers encourage firms to invest in luxury apartments and high-end commercial properties. For example, in St. Louis, a luxurious condominium tower, One Hundred, received roughly $10 million in public funds, and a multi-phased mixed-use development in Richmond Heights, The Boulevard, is slated to receive more than $15 million in public resources. Out west in Chesterfield, when the owners of a private ice rink decided its time was up, special interests and the City of Chesterfield worked hand-in-hand to secure some $7 million for a new, over-the-top ice rink. Nor should we forget the mind-boggling approval of $5 million to renovate the illustrious InterContinental Hotel on the Kansas City Plaza and some $16 million for the Marriott hotel in downtown St. Louis!

The motivation for government-directed investment is clear and understandable: we want nice things in our cities. But policymakers who are deciding how public money should be spent need to consider the consequences of their decisions.

Handing out incentives to developers means we have fewer public resources for things that really matter. As a result of these subsidy programs, school, fire, library, and other districts have tens of millions of dollars less each year than they otherwise would. In 2018, the St. Louis Public School district lost out on nearly $19 million because of TIF and related programs, and other jurisdictions missed out on a total of $12 million. In recent years in Kansas City, the total cost of TIF and other programs is much higher, coming in at around $130 million; the cost to the Kansas City School district alone was more than $25 million.

One Hundred, St. Louis

Incentive programs focus precious resources on projects that merit little if any assistance. Why in the world would policymakers


InterContinental Hotel, Kansas City

spend $10 million of public money on a luxury tower in an area where the public schools are failing? Why do mayors and councils seem to care more about infill development in trendy neighborhoods and propping up downtown property values than they do about helping those who are genuinely in need? When more than three-quarters of TIF funding in the St. Louis region goes to wealthy areas, we should seriously question whether these programs are being used to alleviate blight and poverty—the purpose for which they were originally intended.

At best, subsidies are simply a way for taxpayers to deliver profits to developers for projects that the market has shown not to be worthwhile. The handout itself is bad enough, but each luxury project that policymakers baptize with public funds represents a lost opportunity for a legitimately profitable (if perhaps more modest) development that could have been undertaken on the same spot. Government intervention redirects the efforts of entrepreneurs from the worthwhile to the unnecessary, leaving the rest of us with less of what we really want and need. This is what economist William Baumol dubbed *unproductive entrepreneurship*.

Entrepreneurship itself is a limited resource. There are only so many people with the initiative, imagination, and tolerance for risk necessary to start a new business or develop a property that other investors won't take a chance on. Consider how the opportunity to receive subsidies from the government changes the calculations a potential developer makes. Ideally, in order to turn a profit, he would decide whether to build—and what to build—based on actual customer needs in the area. But if you're depending on subsidies to make your investment profitable, then your real customer is the government body that is handing out the subsidy, and local demand isn't nearly as important.

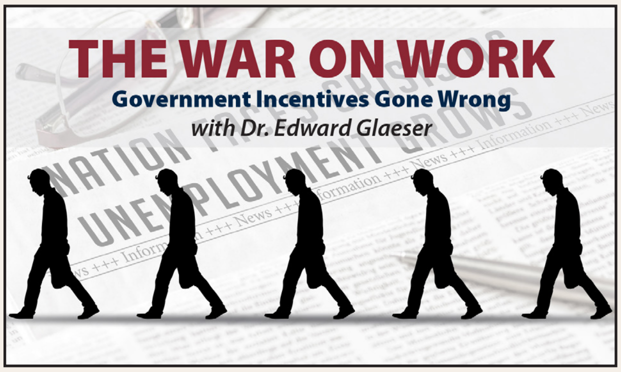
If politicians continue to offer subsidies for high-end condominiums, luxury hotels, and ice rinks, then we shouldn't be surprised to see developers take them up on those offers. And when the entrepreneurial risk/reward dynamic is perverted by government intervention, we should expect our cities to be like houses where the golden toilets don't make up for the leaky roofs and cracked foundations.

—***Graham Renz, Policy Analyst, Show-Me Institute***


Marriott Hotel, Downtown St. Louis

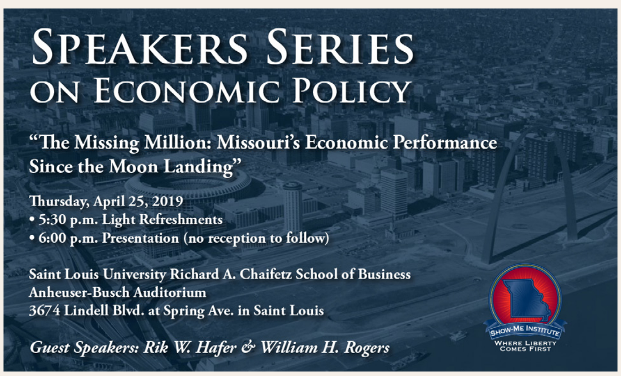
EVENTS

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



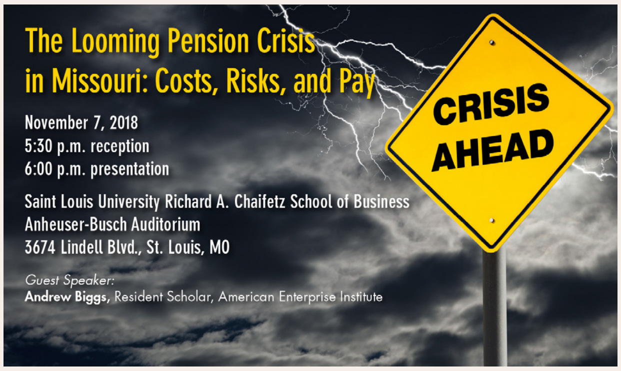
The War on Work: Government Incentives Gone Wrong

In lectures at St. Louis University and the Kansas City Public Library in May of 2018, Edward Glaeser, a Harvard economist and Senior Fellow at the Manhattan Institute, called the "flight from work" by millions of able-bodied men from their 20s to their 50s "the great American domestic crisis of the twenty-first century." Professor Glaeser said that more than 15 percent of prime-age American men have dropped out of the labor force entirely—no longer seeking or wanting to work. The problem: "government incentives gone wrong"—in discouraging work and in rewarding idleness. He decried the idea—popularized by leading figures in Silicon Valley—of a universal basic income. "The notion of putting about 30 percent of Americans on the dole in perpetuity is an absolutely soul-destroying idea," Glaeser said. "A sense of self does not come from collecting a check. It comes from doing something that other people value."



The Missing Million: Missouri's Economic Performance Since the Moon Landing

On July 21, 1969, Neil Armstrong became the first man to set foot on the moon. In speaking to an audience at St. Louis University in April 2019, Rik W. Hafer and William H. Rogers, economists from Lindenwood University, embarked on a different kind of moon walk—surveying Missouri's changing demographics and economic performance in the 50 years since that historic event. Over that time, Missouri has struggled to attract and keep residents and its economy has failed to keep pace with the rest of the nation. Hence "the missing million." If Missouri's population had simply kept up with the national average since 1969, our state would be home to about 1.2 million more people and the average Missouri worker would be earning an additional $3,387 per year. That hurts! As the two economists agreed, their research illustrates the hugely adverse consequences over time of below-par growth—and it points out the need for pro-growth economic policies.



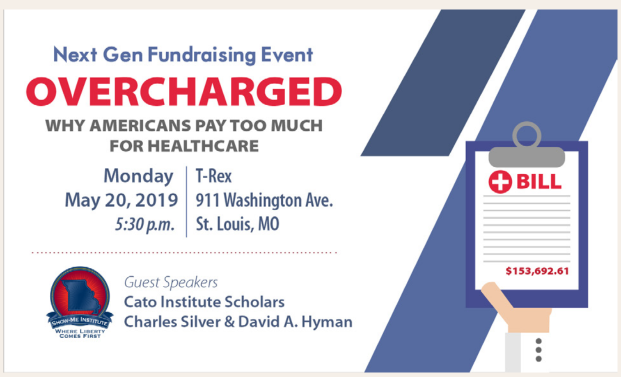
The Looming Pension Crisis in Missouri: Costs, Risks, and Pay

In November 2018, the Show-Me Institute welcomed American Enterprise Institute Scholar Andrew Biggs to Missouri to discuss an issue threatening to bankrupt the state: public-sector pensions.

Biggs spoke to audiences at St. Louis University and the University of Missouri–Columbia. Dr. Michael Podgursky and Missouri Deputy Treasurer Chris Wray joined Biggs at the University of Missouri, where they painted a grim picture of the negative trends facing the Missouri State Employees Retirement System (MOSERS), which has seen its funding health decline in recent years even as required government contributions to the plan have increased. Policymakers and citizens looking for ways to reform public employee pensions can revisit this event for a master class on Missouri's public pensions at the Show-Me Institute's YouTube page.

An Evening with Jonah Goldberg: Suicide of the West and the Future of American Liberty

Does Western culture face a crisis because of its failure to defend liberty against hostile ideological forces? In a September 2018 lecture in St. Louis, Jonah Goldberg, the columnist and best-selling author, described what he called the West's suicidal tendency to surrender to tribal and nationalist forces from both the left and the right. Goldberg argued before a capacity crowd at Washington University's Bryan Cave Moot Courtroom that a renewed commitment to classical liberal values can preserve the principles that have guided the progress of Western civilization for centuries.



Overcharged: Why Americans Pay Too Much for Healthcare

Why is the American health care system so dysfunctional and costly? In May 2019, the Show-Me Institute welcomed Cato Institute scholars Charles Silver and David Hyman to Missouri to discuss this question. Their presentations relayed the findings of their book, *Overcharged: Why Americans Pay Too Much for Health Care*, and laid bare the root causes of America's health care ills. Hyman and Silver argued that the system performs exactly as designed: at great cost and with little control or accountability.

Check our YouTube page (youtube.com/showmeinstitute) for available recordings.

PUBLICATIONS

COMMENTARIES 2018

January 4: *"Some Thoughts on Regulating Airbnb," by Patrick Tuohey.*

January 17: *"School Choice: Missouri's Students and Parents Deserve More," by Susan Pendergrass.*

January 31: *"Tax Reform . . . and Tax Hypocrisy: Look Who's Fighting for the Very Rich," by Andrew Wilson.*

February 7: *"A Streetcar Undesired," by Patrick Tuohey.*

March 1: *"Without Consequences for Failing Schools, Students Lose," by Emily Stahly.*

March 5: *"Would Trump Banish Sunlight to Protect American Jobs?" by Andrew Wilson.*

March 7: *"What's Going On with High School Graduation Rates?" by Susan Pendergrass.*

March 8: *"Branson Water Park to Soak Taxpayers," by Patrick Tuohey.*

March 19: *"Reform Missouri's Mandatory Minimums," by Patrick Tuohey.*

March 28: *"St. Louis Is Failing, and It Has Only Its Government to Blame," by Patrick Ishmael.*

April 2: *"Cities May Actually Be the Culprits in Underfunding Schools," by Patrick Tuohey.*

April 30: *"Branson TIF Debacle Underscores Need for Statewide Reform," by Patrick Tuohey.*

May 17: *"Finally, a Victory for Parents and Students in Missouri," by Susan Pendergrass.*

May 24: *"Did Easier Tests Cost Normandy Students the Right to Transfer?" by James Shuls.*

June 12: *"Taxpayer Largess Unnecessary, Wasteful in University City Development," by Graham Renz.*

June 28: *"Trump vs. Harley—and the World," by Andrew Wilson.*

July 2: *"Who Runs the KCPD?" by Patrick Tuohey.*

July 19: *"Teachers' Union Recruitment Thrives on Fear," by James Shuls.*

July 19: *"Socialism: The Slouching Beast on our Campuses," by Christine Talent.*

July 20: *"How and Why Proposition A Will Boost Jobs and Growth," by Andrew Wilson.*

July 24: *"Chesterfield Should Protect Taxpayers in Mall's Redevelopment," by Graham Renz.*

September 10: *"Tallying the Costs of Development Subsidies," by William Magee, Graham Renz, and Philip Oehlerking.*

September 13: *"Kansas City Incentive Study Misses Opportunity," by Patrick Tuohey.*

September 21: *"Let Bryce's Law Live Up to Its Potential," by Susan Pendergrass.*

September 26: *"To Help the Poor, Pursue an Earned Income Tax Credit, Not a Minimum Wage Hike," by Patrick Ishmael.*

September 26: *"Unintended Consequences and the Minimum Wage," by Andrew Wilson.*

November 1: *"Some Horse Sense (and Nonsense) about the Minimum Wage," by Andrew Wilson.*

November 8: *"A Veterans Day Remembrance," by Andrew Wilson.*

November 13: *"Jobs, Growth, and the Dubious Worth of Tax Incentives," by Patrick Tuohey.*

November 15: *"The Quintessential Quint," by Andrew Wilson.*

November 19: *"Opportunities Abound in Private School Choice," by James Shuls.*

November 26: *"One Step Forward, Two Steps Back," by Brenda Talent and Susan Pendergrass.*

November 27: *"You Gotta Spend Money to . . . Spend Money?" by Patrick Tuohey.*

November 30: *"How Not to Study Development Incentives," by Patrick Tuohey.*

December 10: *"New Year's Resolutions for DESE," by Susan Pendergrass.*

December 12: *"Kansas City's Christmas Tree," by Patrick Tuohey.*

December 14: *"2018: A Bad Year for Government Failure Deniers," by Andrew Wilson.*

PAPERS PUBLISHED IN 2018

March: *"Accountability in Missouri's Public School System," by Emily Stahly. Released March 2018.*

April: *"A New Tax Policy Vision for Missouri," by Patrick Ishmael and Patrick Tuohey. Released April 2018.*

"Policy Solutions for Missouri's Government Employee Pensions," by Andrew Biggs. Released April 2018.

May: *"Constitutional Revision in Missouri: The Convention of 1943–44," by Justin Dyer. Released May 2018.*

September: *"The Potential Effects of a $12.00 Minimum Wage in Missouri," by William Even and David Macpherson. Released September 2018.*

"Bryce's Law Revisited," by Michael McShane, Susan Pendergrass, and James Shuls. Released September 2018.

November: *"Higher Education: Where Are We Headed, and What Can We Do About It?" by Susan Pendergrass and Geneva Lee. Released November 2018.*

"Available Seats 2.0: Opportunities Abound with School Choice," by James Shuls. Released November 2018.

December: *"TIF-for-Tat: The Relationship Between Political Contributions and Tax-Increment Financing Awards," by Patrick Tuohey, Elias Tsapelas, and Scott Tuttle. Released December 2018.*

Financial Report*

REVENUE

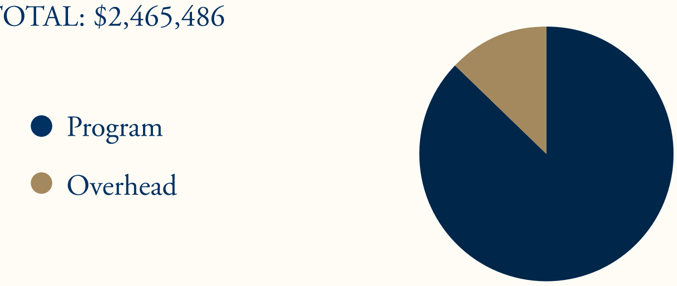
Individual Donations	$2,502,278	90.72%
Foundation Grants	$236,517	08.58%
Other Income	$19,367	00.70%

TOTAL: $2,758,162

EXPENSES

Overhead	$367,984	14.93%
Program	$2,097,502	85.07%

TOTAL: $2,465,486



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.

STATEMENT OF FINANCIAL POSITION

Current Assets	$2,496,569	96.88%
Fixed Assets	$80,515	03.12%

TOTAL: $2,577,084

*Show-Me Opportunity, a supporting organization, is included in this consolidated financial report.

BOARD OF DIRECTORS

Crosby Kemper III - *Chairman*

Crosby Kemper III is executive director of the Kansas City Public Library; the Chair of the Schools, Health, Libraries, and Broadband (SHLB) coalition; and former CEO of UMB Financial Corporation. He co-founded and is chairman of the Show-Me Institute. In 2003–04, he chaired the Commission on the Future of Higher Education in Missouri for then-Missouri Gov. Bob Holden. He has served on the board of the boards of the Kansas City Symphony, the Black Archives of Mid-America, Union Station Kansas City, and Lapham's Quarterly. He has received the Difference Maker Award from the Urban League of Kansas City, the William F. Yates Medallion for Distinguished Service from William Jewell College, and the 2010 Harmony Humanitarian Hoffman Legacy Award. He received a bachelor's degree in history from Yale University.

Rex Sinquefield - *President*

Rex Sinquefield is co-founder and former co-chairman of Dimensional Fund Advisors, Inc. He also is co-founder of the Show-Me Institute. In the 1970s, he co-authored (with Roger Ibbotson) a series of papers and books titled Stocks, Bonds, Bills & Inflation. These works provided the first seminal data on the performance of the financial market in the United States. At American National Bank of Chicago, he pioneered many of the nation's first index funds. He is a life trustee of St. Louis University and DePaul University and a trustee of the St. Vincent Home for Children in Saint Louis. He 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 his M.B.A. from the University of Chicago in 1972.

Louis Griesemer - *Vice Chairman*

Louis Griesemer is Chairman of the Board of Springfield Underground, Inc. He is past president of Parkville Stone Company in Parkville, Missouri, and Barnhart Limestone in Barnhart, Missouri. He currently serves on the Advisory Board for UMB Bank in Springfield and on the board of Burgers' Smokehouse in California, Mo. He holds a bachelor's degree from Washington University in St. Louis.

W. Bevis Schock - *Secretary*

Bevis Schock is a lawyer in solo practice in Saint Louis. He handles a broad array of legal matters with a focus on civil rights. He was lead counsel in the successful challenge to Missouri's red-light camera tickets. He received his B.A. in history from Yale University and his J.D. from the University of Virginia.

Joe Forshaw - *Treasurer*

Joseph Forshaw is past president and CEO of Forshaw, a family-owned business founded in 1871. He served for several years as an advisory director for Commerce Bank and is the managing partner of several family real estate partnerships. An alumnus of Saint Louis University High School, Forshaw received both his B.A. and J.D. degrees from Saint Louis University.

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 past member of the National Board of the Smithsonian Institution and a former member of Missouri's 21st Judicial District Commission. He is a former chairman of the Board of Trustees of Washington University in St. Louis and a part owner of the St. Louis Cardinals.

Jennifer Bukowsky - *Director*

Jennifer Bukowsky is a constitutional and criminal defense attorney in Columbia, Missouri and the host of The Jennifer Bukowski Show, a radio and online video show. She serves on the Missouri Supreme Court's Task Force on Criminal Justice and is vice president of the Federalist Society–Jefferson City Lawyers Chapter. She was the youngest ever elected president of the Boone County Bar Association and was an adjunct professor of law at the University of Missouri. 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 MotoMart chain of gas stations and convenience stores. He is also president and CEO of two other family-owned businesses: Forsyth Carterville Coal Company and Missouri Real Estate. He serves on the boards of St. Luke's Hospital, 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. He has served as a member of several Missouri court-related committees and as a district chair for the Boy Scouts of America. He holds a J.D. from the University of Missouri-Columbia and a B.A. in philosophy from Northwestern University.

Megan Holekamp- *Director*

Megan Holekamp is a Real Estate Broker at Janet McAfee Inc. 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. She has also volunteered with 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 20 years.

Michael Podgursky - *Director*

Michael Podgursky is a retired professor of economics at the University of Missouri–Columbia, where he served as department chair from 1995 to 2005, and he is a former fellow of the George W. Bush Institute at Southern Methodist University. He is now a senior advisor on urban education and economic development at Saint Louis University. He has published numerous articles and reports on education policy and teacher quality. He serves on advisory boards for various education organizations and on editorial boards of several policy research journals. He earned his bachelor's degree in economics from the University of Missouri–Columbia and a PhD in economics from the University of Wisconsin–Madison.

Gerald A. Reynolds - *Director*

Gerald A. Reynolds previously served as 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 as 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 the co-founder and Managing Partner/CEO of Clayton Capital Partners, a Saint Louis–based investment banking firm. He speaks frequently on the topic of mergers and business acquisitions to groups of business owners and academics, and is the author of *Sell Your Business for an Outrageous Price*, published by AMACOM. He is chairman of the Today & Tomorrow Educational Foundation, past president of the Board of Education and current chairman of the Finance Counsel for the Archdiocese of Saint Louis, and a board member for Mercy Hospital Systems and the Children's Scholarship Fund.

STAFF

BRENDA TALENT
CEO

CORIANNA BAIER
Analyst

ABIGAIL BURROLA
Analyst

JESSICA GATEWOOD
Director of Development

CHRISTINA GIBSON
Executive Assistant

PATRICK ISHMAEL
Director of Government Accountability

SUSAN PENDERGRASS
Director of Research and Education Policy

GRAHAM RENZ
Policy Analyst

EMILY STAHLY
Analyst

ELIAS TSAPELAS
Analyst

PATRICK TUOHEY
Director of Municipal Policy

KELVEY VANDER HART
Development Assistant

ANDREW B. WILSON
Fellow and Senior Writer

BOARD OF SCHOLARS

SUSAN K. FEIGENBAUM
Research Fellow
University of Missouri–St. Louis

BEVERLY GOSSAGE
Research Fellow

JOSEPH HASLAG
Chief Economist
University of Missouri–Columbia

MICHAEL MCSHANE
Senior Fellow of Education Policy

MICHAEL PODGURSKY
Director
University of Missouri–Columbia

DAVID C. ROSE
Research Fellow
University of Missouri–St. Louis

JAMES V. SHULS
Distinguished Fellow
University of Missouri–St. Louis

DANIEL THORNTON
Research Fellow

HOWARD WALL
Research Fellow
Lindenwood University

ADVANCING LIBERTY WITH RESPONSIBILITY BY PROMOTING MARKET SOLUTIONS FOR MISSOURI PUBLIC POLICY

5297 Washington Place, Saint Louis, MO 63108—314-454-0647
3645 Troost Avenue, Kansas City, MO 64109—816-561-1777

Visit us:
showmeinstitute.org

Find us on Facebook:
Show-Me Institute

Follow us on Twitter:
@showme

Watch us on YouTube:
Show-Me Institute