A Fork in the Road

2020 ANNUAL REPORT

THE SCIENCE

LEFTISM

LIBERTY
Joe Biden started out with a bang. In the first 100 days of his presidency, he and his administration climbed aboard the progressive bandwagon and embarked on a wild ride, pushing three multi-trillion-dollar spending bills. Then, on the Friday before Memorial Day, the president proposed a $6 trillion budget for the new fiscal year beginning Oct. 1, up $2 trillion from the pre-pandemic annual federal budget of $4 trillion.

But why? With the pandemic receding due to vaccinations, businesses could not find and hire workers fast enough to keep up with rapidly rising demand. Consumers were flush with cash. The economy was already in the midst of a robust recovery. As a share of GDP, federal debt is now expected to rise to 110 percent in 2021, up from 79 percent in 2019. Why dig ever deeper into debt?

The opening chapter of this presidency recalls the story of three scientists trading ideas at the bottom of a deep well. The physicist is forced to admit that none of the laws of physics will lift them to safety. The engineer is stumped in having no tools to work with. Only the economist is undaunted. “Gentlemen,” he says, “let’s begin with the assumption that we have a ladder.”

The Biden administration begins with several wrong assumptions.

First is so-called “modern monetary theory.” This is the assumed but nonexistent fiscal ladder—the idea...
that a government can borrow and spend its way to much greater prosperity. The unspoken motto of the new administration seems to be: “The debts of our children and grandchildren will set us free.”

A second assumption is the false idea that a planned economy will outdo free enterprise in making optimal use of science and technology. Think of the “scientific socialism” practiced by Lenin and Stalin and many other communist tyrants over the past one hundred years who sent tens of millions of people to early deaths through state-created famines, forced-labor camps, and summary executions to silence any dissent or deviation.

Third is the deeply dispiriting view that now is the time for government to come to the aid of a new and less self-reliant breed of Americans—with a massive enlargement of the welfare state that ignores the centrality of work. Are we as a country saying good-bye to the American dream of upward mobility and building a better life for self and family through hard work and individual striving?

The fourth and final ladder-to-nowhere-good is the pernicious idea that America is a “systemically racist” and oppressive country . . . and has been so from the earliest colonial days right up to the present moment. According to this thesis, after more than 400 years of wrong thinking, there is a pressing need for major social re-engineering and re-education, and it should be conducted by far-left ideologues.

Let’s take a closer look at how these misguided assumptions have shaped the administration’s policies in its first few months in office.

Going for Broke on Climate Change

In a remarkable turnaround accomplished over the last decade and a half, the United States went from being energy short to energy rich and surpassed Saudi Arabia and Russia in 2018 to become the world’s largest producer of both oil and natural gas. The people who led this energy revolution—known as fracking—were mostly small, wildcat operators, using horizontal drilling to fracture shale rock and unlock vast reserves of oil and gas. Their pioneering work lowered gasoline prices, reduced utility bills, and created millions of jobs. This revolution was largely responsible for the United States recording a 12 percent-plus reduction in CO₂ emissions due to a major switch from coal to lower-cost, cleaner-burning gas in producing electricity.

Under his leadership, President Biden believes we can do much better than that in the next decade and a half. Calling climate change an “existential challenge,” he wants his administration to spearhead the total decarbonization of the U.S. economy, meaning the elimination of fossil fuels.

As originally set out in the $2.3 trillion American Jobs Act (also known as the infrastructure bill or what could also be called the climate change bill), the administration has set out to rebuild the entire electrical grid between now and 2035—to produce...
“100 percent carbon-free electricity” and to set the stage for net-zero CO₂ emissions from all sources by 2050, including cars, trucks, tractors, and other vehicles—presumably including even jet aircraft. But are those goals possible or even desirable? And to what end is the effort being made?

The last question is posed because the United States is not operating in a vacuum; there is a big international component. For a long time, the U.S. share of global carbon emissions has been plummeting (from more than 60 percent in 1950 to 15 percent in 2016), while China’s share skyrocketed from zero or low single digits to 29 percent in 2016, or almost double the U.S. share.¹

Where does this leave us? Under the Biden plan, we will fire bullets into our own feet while our primary commercial and geopolitical rival on the world stage outpaces us in both economic and military growth. While we handcuff ourselves with save-the-planet climate goals, China aims for economic and strategic preeminence.

That is not the only problem with the omnibus climate/jobs/infrastructure bill. Wind and solar energy have been lavishly subsidized for decades. Still, they only account for about 11 percent of U.S. electrical generation, and their actual role is much less than that, because they are intermittent. Does anyone seriously think they can quickly replace gas and coal as the primary sources for 60 percent of electrical power generation and be anywhere close to being equally cheap, reliable, and easy to use?

Aaron Hedlund, the Show-Me Institute’s chief economist, eviscerated Biden’s American Jobs Plan in a recent commentary with these words:

Even more egregiously, the [plan’s] prevailing wage, project labor agreement, and [other] provisions are a huge giveaway to unions that would likely raise costs, reduce growth, tilt the playing field, and overturn the will of voters in states that passed right-to-work laws to safeguard worker freedom. The practical effect of these measures will be to reduce the number of infrastructure projects that can get completed for a given amount of spending.

Here’s the simple truth: The Biden plan is not based on science, or any credible cost–benefit analysis. It is wishful thinking and hoping for miracles to happen. Miracles did happen during the fracking revolution, but they won’t happen under this plan. “Always and everywhere”—to borrow a well-known Milton Friedman expression—excessive government and central planning impede true risk-taking and innovation. They get in the way of true breakthroughs in science, technology, and human creativity and adaptability.

Unliving the American Dream

As another one of the administration’s multi-trillion-dollar spending plans, the American Families Act would extend dependence on government—and control by government—more deeply than ever into family life and the workplace. It includes a host of new entitlements: two years of “universal preschool,” free childcare for toddlers, two free years of community college, and government-paid family and medical leave.

All this goes far beyond the long-established core functions of government. In that sense, it is more of the same—more of the same growth of the welfare state that has been going on ever since the late 1960s. Only this time it is much, much more, all

¹ Data from a World Economic Forum report in January 2019 (“How each country's share of global CO₂ emissions changes over time”). China continues to bring new coal-fired power plants on line and has no plans to stop anytime soon.
that’s why it is so destructive. It marks a
disastrous leap forward in disincen
tivizing work and
making government a big and intrusive member of
the American family.

**Reinventing Karl Marx for the 21st Century**

Over many decades, the far left in this country has
repeatedly tried and failed to sell other Americans
on the concept of “class struggle,” the central
tenet in Karl Marx’s philosophy. These efforts have
failed simply because the American experience
has abounded with rags-to-riches stories of people
who have succeeded through hard work and
perseverance. Enter now critical race theory, which
has put a new veneer on an old and discredited
ideology by placing racial conflict at the forefront
of supposed class struggle. This theory pillories
capitalism as a manifestation of “whiteness,” and
it propagates the falsehood that America has
always been—and remains today—a deeply racist
country. In a growing number of schools across
the nation, activist teachers drill home the message
that the last best hope for America is the abolition
of “predatory” capitalism and the adoption of a
more “enlightened” economic system that would
make good on the old Marxian promise of “from
each according to his ability and to each according
to his needs.” While preaching the equal sharing
of abundance, left-wing dictatorships succeed in
practice only at delivering abject misery.

**The Good News: There Is Pushback**

Under the influence of the illiberal left, the new
administration has traveled some distance down the
road to the kind of thought control that George
Orwell described in *1984*. There is still time for the
administration to call off the dogs of ideological
warfare and go back to approaching the task of
government in a spirit of compromise and respect
for the opinions of others. That would mark a
return to real “normalcy.” But what if that doesn’t
happen?

We have already seen growing signs of pushback—

with people becoming more concerned about
shortages of many goods, signs of inflation, and
the durability of the recovery under the new
administration. There are growing worries as well
about the baleful impact of critical race theory across
the entire educational system—from kindergarten
through Ph.D. programs.

The gathering opposition to the excesses of the
progressive agenda is a reason for real hope that
change is coming.

In the battle of ideas, tomorrow is more than
another day; it is today’s battlefield. At the Show-
Me Institute, we are dedicated to the preservation
and enlargement of liberty and adamantly opposed
to ideas and policies that would undermine or
threaten the destruction of individual freedom. That
is why we’re here. We will continue the battle with
faith in our countrymen, our future, and the power
of a free people to shape their own destiny.

Sincerely,

Joe Forshaw, Chairman,
Show-Me Institute

Rex Sinquefield, President,
Show-Me Institute

June 28, 2021
Orwell was talking about the difficulty people have in knowing what to think when what they see with their own eyes and what they hear from their leaders are completely different. He explored this problem and exposed it to withering satire in his two great anti-authoritarian novels, *Animal Farm* and *1984*.

During the pandemic of the last year and a half, Orwell’s point became true in a literal as well as a figurative sense. For many people, one of the problems in being required to wear masks when going into supermarkets and other public places was the effect that breathing into their masks had on their glasses. It made them foggy. So it became a real struggle to read the labels on cans of food and other objects placed directly in front of their own noses.

The pandemic also changed perceptions in bigger and more important ways. From the start of the crisis, Missouri state government resisted pressure to enforce statewide mandates in favor of allowing local governments to decide what was best for their communities. In our judgment, that was the right call, even though it expanded the authority of local government over our daily lives to a degree people had never before experienced. Missouri law limits municipal health departments to only the largest cities, so a Clayton resident who was used to dealing with the City of Clayton in daily matters was now being told by the St. Louis County Health Department that their favorite Clayton restaurants were closed. All across Missouri, mayors, county commissioners, and other local officials suddenly had the power to shut down local businesses and issue edicts restricting freedom of assembly and commerce.

Our purpose here is not to debate every action taken by local governments at the height of the pandemic. Many were necessary, some were understandable in the beginning but less so over time—for example, school closings in the spring of 2020 versus their continued closures in the fall—and some actions, like park closures, never made any sense.

Time and data will help tell which local health departments acted wisely. But this much we do know: Counties in Missouri that did not completely close restaurants and businesses, parks, and schools seem to have fared just as well as those that did.

Individually and collectively, many Americans have hit a reset button in reconsidering the amount of authority they want to grant to government. Thousands of Missourians have already demonstrated that they want more educational options by enrolling their children in open private
schools as opposed to public schools operating virtually, or by leaving the system entirely for ongoing, intentional homeschooling (as opposed to the temporary, mandated homeschooling imposed by districts).

When Missouri’s two largest cities shut down and offices closed, many who live outside the city limits might have taken some small solace in the fact that they would no longer be forced to pay the earnings taxes to the cities where they no longer spent their working hours. But in blatant disregard of the law, St. Louis has decided to confiscate the earnings tax even from people working from homes outside the city limits. Voters in both cities recently reauthorized their earnings taxes by wide margins. No surprise there. They were giving themselves a free ride in approving a tax on other people who don’t live in the community and have no say in the matter. But will Missourians who no longer have to travel to downtown offices continue to accept paying this tax to a city they rarely visit? Or will they encourage their employers to make simple facility and management changes to free them from having to pay the tax? Our bet is the latter.

And why stop with the earnings tax? People in the Show-Me State should be asking why enormous tax subsidies are still going to big shopping centers that remain largely empty (and are likely to remain so). People all over the country have paid taxes for schools that stayed closed and transit systems nobody was using. That made more sense in the early days of the crisis than it does today. And now we have a federal government that is drowning the country in debt to pay for a stimulus that is no longer needed and to support a permanently expanded welfare system that will apply a short-term balm while doing long-term damage.

People should be hitting the reset button, not just in their own lives but also in petitioning different layers of government for needed downsizing and reform. As we see it, they couldn’t pick a better time for doing so than right now.
As a longtime Kansas City Royals fan, one of my earliest memories was watching a Royals’ season yearbook again and again on the family VHS player. In 20 minutes, the cassette summed up the thrills and spills of a successful baseball season. It came with a classic ’80s rock soundtrack, using Joe Esposito’s inspiring power ballad, “You’re the Best,” to showcase the feats of Hall of Famer George Brett. To me as a ten-year-old, Brett and the Royals were proof that our Midwest communities were “the best”—maybe not always, but often enough.

In our field of public policy, the highs from successful legislative sessions may not be as high as winning a Super Bowl or a World Series, but after years of work, research, and advocacy, when Missouri passes good laws and rejects bad ones, it’s hard not to feel the buzz of victory. In 2021, the Missouri Legislature acted like winners, and for fans of good policy the progress was a lot of fun to watch.

By the time the legislature finished its work this past May, policymakers had delivered a host of strong wins for Missouri taxpayers. In the aftermath of the worst of the coronavirus pandemic, legislators pushed forward in expanding professional license flexibility and making waivers of unnecessary laws permanent. They established new guardrails to prevent local governments from imposing draconian lockdown orders and established a new local government spending portal to keep local officials...
honest. They established a new education savings account program and rejected funding for Medicaid expansion.

That wasn’t all. Legislators passed what were, on net, positive tax reforms, by advancing a revenue-neutral internet sales tax that’s offset by an income tax reduction, and by pursuing additional transportation funding through a gasoline tax, which is effectively a user fee and an appropriate way to fund such infrastructure. While we don’t often talk about gun rights, legislators’ passage of the Second Amendment Protection Act stands as a reaffirmation that the federal government cannot commandeer state officials or state resources to implement federal policies—a critical fact to recognize as the federal government goes further and further outside its policy lane. Legislators even passed some tax-increment financing (TIF) and blight designation reforms that, we hope, will help to rein in some of the out-of-control tax giveaways often meted out at the local level.

Despite these accomplishments, the legislature still has a lot of work it needs to do, and legislators are well aware that comprehensive tax-credit reform, deeper TIF reform, and making more of the COVID regulatory relief orders permanent (among other important items) are and must remain on the agenda if Missouri is going to keep up this winning streak. But 2021 was no time for losers, and as legislative seasons—or rather, sessions—go, this year was a winner for policymakers and taxpayers.
Across the country, there are 12 Federal Reserve Banks. Only one state was granted more than one of the 12. Can you name the state? A gold star to you if you picked Missouri. The Show-Me State has two—one in St. Louis, the other in Kansas City.

When they were established, more than a century ago, some people groused about Missouri’s political clout. After all, then-Speaker of the House Champ Clark hailed from Missouri, as did Senator James Reed, who played a key role in the passage of the Federal Reserve Act of 1913. Even so, the initial choice of the two cities made sense given the prominence they had as centers of banking and commerce.

What has changed since then? Well, St. Louis City has fallen from the country’s fourth most populous city in the 1910 census to 65th today. And Missouri went from the seventh most populous state to 18th. While deindustrialization and other forces can explain the woes of the Rust Belt in the latter portion of the twentieth century, Missouri’s decline continues today.

From 1997 through 2019, Missouri’s sluggish economic growth caused its share of the U.S. economic pie to shrink by 24 percent—going from 1/50th to 1/66th. This deterioration put Missouri near the bottom of all states (sixth worst) and dead last in its immediate neighborhood—behind all eight bordering states. As the U.S. economy grew at an average inflation-adjusted annual rate of 2.1 percent, Missouri managed only 0.9 percent. Meanwhile, Texas, Utah, Washington, and North Dakota topped 3 percent, leaving Missouri in the dust. In short, if the U.S. Federal Reserve System were reconstituted today, Missouri would probably come away empty-handed—without a Fed branch.

This article should be taken as a call to action, not a counsel of despair. We firmly believe that Missouri has a bright future. Nothing prevents Missouri from outperforming every one of its neighbors, and nothing prevents Missouri from moving up the charts that measure the progress of all 50 states based on economic growth, per capita income, K-12 educational achievement, and other important metrics. When I say “nothing,” I mean nothing we can’t do—like creating the Pacific coastline along our western border.

To turn Missouri around, we just have to pursue different policies. We should embark on a path of bold reform that begins with a clear assessment of Missouri’s strengths and weaknesses and an appreciation of how the present moment has created a huge opportunity for our state.

As terrible as it has been, the pandemic had a positive side. It led to striking changes in thinking and behavior. Learning to work, or run a business, and supervise the education of children from a supposedly “remote” location—meaning their own homes—forced people (and their employers) to become more flexible, inventive, and self-reliant. Now that the worst of the pandemic appears to have ended, many highly motivated people and successful
businesses have no burning desire to go back to the more settled nine-to-five workweek that existed before the pandemic. They like having more choices and feeling more in charge of their own destinies.

Today, individuals and companies alike are on the move (witness the superheated real estate market and an upsurge in corporate relocations), and they are seeking new and better alternatives. That is exactly what Missouri policymakers should be striving to offer them. The overriding goal should be to turn our state into a strong magnet for families and businesses throughout the country looking for a place to move, put down roots, and thrive.

With that objective in mind, our lawmakers, mayors, and city managers know (or should know by now) some of the things that don’t work. Bribing businesses with endless tax credit giveaways is a recipe for failure. Trying to pick winners and losers doesn’t work. What does work is doing a better job than other states in creating the underlying conditions—such as a favorable tax regime, a well-educated workforce, public safety, and freedom from excessive regulation—that are conducive to both business and personal success.

When it comes to the total tax burden that government imposes upon businesses and working people, Missouri is competitive with other states. Total state and local taxes in Missouri are equal to 7.6 percent of state GDP. That is much less burdensome than California (8.7 percent) and New York (up at 11 percent). In fact, Missouri is actually a shade lower in total tax burden than one of the fastest-growing states (Florida at 7.9 percent) and not much higher than another (Texas at 7.1 percent).

The point here is: The total tax burden is important, but tax design also matters, sometimes even more. Whereas Missouri and its two biggest cities (the ones with the Federal Reserve Banks) rely on income taxes for a high percentage of their revenues, the fastest-growing states and cities have taken the opposite tack. They may have higher sales or property taxes, but they don’t tax personal income—knowing it is the most damaging of taxes, being a tax on work, on job creation, and on enterprise itself. Texas and Florida are prime examples of the allure of being a no-income-tax state. Each of them is about to gain a congressional seat because of big in-migrations of residents from other states over the past decade. By contrast, the two states with the highest income tax rates—California and New York—saw the largest out-migrations of residents to other states, with the result that each of them will lose a seat.

Rather than tweaking taxes at the edges, Missouri should pursue wholesale reform that eliminates personal income taxes and replaces lost revenue through a broadening of the sales tax base. That would be a great start. And there’s another page from Florida’s highly successful pro-growth playbook that we should adopt in appealing to families and businesses looking for a place to lay down roots and thrive.

High-quality K-12 education ranks high on the list of desired attributes for anyone or any organization thinking along those lines. Florida’s public schools used to be among the worst in the nation. Today, they are top ten in both reading and math. What happened? It’s not because Florida has been spending so much more on education. As the Show-Me Institute’s Susan Pendergrass has pointed out in writing about the subject, it’s because Florida governors and state education leaders set out on a different path about two decades ago. Rather than continuing to reinforce a failed status quo supported by teacher unions and school administrators, they embarked upon the mission of making the Sunshine State a clear leader in creating a choice-rich environment for parents and students. Let’s hope Missouri (at long last) is headed in the same direction. It would benefit the state enormously, both educationally and economically.

The year 2021 happens to be Missouri’s 200th birthday. We became a state in 1821. Once fast-growing Missouri is long in the tooth and due for a rebirth. That makes this a good time for looking ahead and saying:

This is Missouri’s moment. We should seize it.
Here are a few thoughts I would like to add to the timely “Reflections” that Rex and Joe—Rex Sinquefield, as the Show-Me Institute’s president and founder, and Joe Forshaw, as chairman and a longtime board member—provided in the opening pages of this annual report.

#1: First you win the argument.

As leader of the opposition to Britain’s last socialist government committed to government control of the “commanding heights of industry,” Margaret Thatcher said: “First you win the argument, then you win the vote.” Her point was that the way forward does not always lead through compromise and the splitting of small differences. Sometimes, the only way forward is by (a) pointing out how wide and unbridgeable the differences have become and (b) winning the argument and the mandate to proceed with a much different set of ideas and policies.

#2: All ideas are not created equal—and that includes the free-market idea vs. the motivating ideas behind socialism and progressivism.

As an indefatigable proponent of big government, New York Times columnist Paul Krugman likes to rail against “free-market fundamentalism.” I am happy to confess to this “thought crime,” if he or others want to look at it that way. I believe that free-market capitalism is vastly superior to socialism or progressivism not just on practical grounds (as the greatest anti-poverty program in the history of the world), but also on ethical grounds. It beats them hands down, both ways.

Free choice within a competitive marketplace is a simple mechanism. It works because freedom works—in maximizing human potential and providing incentives that point in the direction of good behavior. It encourages producers to give consumers what they want at the best possible price—knowing that those consumers have other choices. It gives employees the right to “fire” their employers and go to work for themselves or other employers. Without any emergency measures by government, free-market pricing and profit motive signal the need for sending scarce resources to where they are most needed in a time of emergency—automatically sending extra supplies of plywood, for example, to cities and towns struck with heavy hurricane damage.

Through central planning and coercion, socialism stifles freedom, minimizes human potential and satisfaction, and leads to impractical and inhumane decision making. It suppresses free choice and undermines the genuine cooperation between people that comes from voluntary exchange for mutual benefit. It kills the desire and the satisfaction that come from making a better life for yourself and others; it removes the free-market wand that leads to the most timely and efficient use of scarce resources and opens the widest opportunities for the greatest number of people at all levels of income.

#3: Not only is “modern monetary theory” (MMT) (see bottom of p. 2) unscientific, it is downright nutty.

Aaron Hedlund, the Show-Me Institute’s chief economist, graduated summa cum laude from Duke with a dual major in economics and mathematics and went on to earn a Ph.D. in economics from the University of Pennsylvania. When I asked him about this purported theory, he had this to say:
Keynesians have often fallen in the camp of borrowing and spending to create prosperity, and MMT is even more nuts by suggesting that governments can ignore budget constraints almost entirely by simply printing more money with reckless abandon.

As history has shown time and again, improvident government is no joking matter. It represents a serious threat to the future well-being of this or any other country. Such foolishness must be exposed and actively opposed.

#4: Just as war is too important to be left to the generals, race relations are too important a subject to be left to self-avowed “antiracists.”

In the name of “equity,” Cheryl Harris, a critical race theorist and UCLA law professor, has advocated suspending private property, seizing land and wealth, and redistributing them on racial lines. Ibram X. Kendi, author of How To Be an Antiracist, a contributing writer to The Atlantic, and director of the Center for Antiracist Research at Boston University, has proposed a federal department of anti-racism that would have the power to abolish any local, state, or federal law it deemed to be insufficiently “antiracist” and to curtail the speech of political leaders for the same reason. The department would also have the power to overthrow capitalism because, according to Kendi, “In order to be truly antiracist you also have to truly be anti-capitalist.”

What Harris, Kendi, and others are espousing is an updated version of 150-year-old Marxist philosophy that substitutes race (and all manner of other ethnic or gender identities) for class as the defining issue for the ages. In this philosophy, keeping the pot of identity-based grievances boiling over is the revolutionary means, and the overthrow of capitalism and freedom itself is the end.

The United States is not a racist country. In fact, if there is any one word that most Americans do not want to be called—by their own children or anyone else—the word is “racist.” As the self-avowed antiracists know very well, it has long been one of the ugliest words in our nation’s vocabulary. They speak of antiracism not as emancipators, but as bullies pursuing a radical agenda through intimidation and shaming.

I will add a personal note here. I am the product of a “mixed race” marriage. My dad was an enlisted American serviceman; he met and married my mom in Japan in the early 1950s and brought her home to America. They encountered some ugly moments, but ugliness is part of life, part of life everywhere, and in mom and dad’s experience it was overwhelmed by the charity of spirit with which they were received wherever they traveled. My own career as an Army officer, lawyer, and now CEO is a living testimony to the openness and generosity of the people of the United States.

My mom became a naturalized citizen in 1966. The American people are her people, and my people—we wouldn’t have it any other way.

#5: Silence is not an option. The time for speaking up is now.

As a free-market think tank, our mission at the Show-Me Institute has been, and remains, the advancement of liberty. Today the far left is intent upon doing everything it can to create a super-sized government that pays no heed to the idea that individual freedom is the bedrock of our country and the birthright of every citizen. As the chief executive of the Institute, I can assure you that we will be speaking up and speaking out against the terribly wrongheaded ideas of our opponents in the debate. As Churchill said, "I decline utterly to be impartial between the fire brigade and the fire."
RENEWED DEMAND FOR EDUCATION REFORM

By Susan Pendergrass

Young people on the move love the Sunshine State. In its 2019 survey of do-it-yourself movers, U-Haul found that Florida had no fewer than five out of the top seven growth cities in America. What’s attracting so much one-way U-Haul traffic from all over the country to a handful of cities scattered around Florida? Sunshine and no income tax, to be sure. But Florida is also very appealing to young families because of the strength of its public education system (ranking among the top ten states in reading and math scores) and because of an exceptionally wide variety of school choice programs. I cannot think of another state that does more to make it possible for parents to create a high-quality, customized educational experience for every child.

This fits well with another trend that emerged during the COVID pandemic and is likely to remain in some form going forward. Families everywhere, including in states with little or no school choice, have been “DIY-ing” their children’s education through virtual schooling, tutors, education pods, micro-schools, and other means. And many families found that being able to personalize their children’s education was a great thing.

In fact, a nationwide April survey of parents by EdChoice asked: “After the pandemic, if given the option, to what extent would you prefer schooling to be scheduled each week at home with a parent or tutor to provide the best education for your child?” Incredibly, just 47 percent of public-school parents said they would prefer for their children to be educated “completely outside the home.” Fully 13 percent said “Completely at home.” The remaining parents want a combination of days in school and days at home—generally two of one and three of the other. Think about that: More than half of parents surveyed don’t want to go back to pre-COVID public education schedules.

Thankfully, the Missouri Legislature has finally recognized that one size does not fit all in education. This year, the House and the Senate passed a bill that will allow Missouri families to receive scholarships to customize their children’s education outside of their assigned public schools. Show-Me Institute analysts have been pressing for this policy for years.

Assuming that the legislation is signed by the governor, low-income students and students with disabilities in the St. Louis, Kansas City, Springfield, and Columbia areas will be eligible to apply for an Education Scholarship Account (ESA) to pay for private school tuition, tutoring, virtual education, micro-schools, or educational therapies. While students in smaller communities will not yet be able to participate, this is still a huge win for Missouri and for Missouri families.

The scholarships will be funded by donations to nonprofits. Donors to the scholarship-granting organizations will receive a state tax credit for 100 percent of the amount donated, which can then be used to reduce up to 50 percent of their Missouri state tax liability in a given year. The next step is to encourage Missourians to change children’s lives by donating to these organizations. The organizations can raise up to $25 million in the first year of the program.

Missouri is on the verge of joining several other nearby states, such as Oklahoma and Iowa, that
have created school choice programs this year. No doubt the experiences of the past year—when all parents were forced to simultaneously try both homeschooling and virtual education—brought to light that kids need choices. As Show-Me Institute writers have repeatedly pointed out, parents support school choice, parents need school choice, and the states that give parents school choice outperform those that don’t.

For Missouri to thrive it needs to be a place where parents want to raise their children, and that is fundamentally about the quality of public education available. It’s also about the number and quality of options available to parents.

Hopefully, in the future we will look back on the ESA bill as just the first step towards offering every family in Missouri at least two publicly funded options. Perhaps one day families will rent U-Hauls to move to Missouri, and our stagnant public school enrollment will begin to grow again.
Interstate 70, one of Missouri’s economic and transportation lifelines, is falling apart. Many other roads and bridges across the state are badly in need of repair as well. Over the past twelve years, Missouri has consistently scrimped on needed road and bridge maintenance. If our state goes on kicking the can down the road on transportation funding, soon there won’t be a road to kick the can down.

In the final days of the 2021 legislative session lawmakers approved a modest series of increases in Missouri’s fuel tax. At 17 cents per gallon, Missouri’s fuel tax is the second lowest in the country, but it is the Missouri Department of Transportation’s (MoDOT’s) largest in-state source of revenue (federal reimbursement from federal fuel taxes is the largest overall). The bill lawmakers sent to the governor would raise the fuel tax to 29.5 cents per gallon over a five-year period and is estimated to raise an additional $513 million each year when fully phased in.

An initiative is already underway to allow voters to determine whether this tax should be implemented. If successful, this initiative would also eliminate any concerns that the tax may run afoul of the Hancock Amendment. In any case, it should be noted that the additional revenue that the tax would generate would still fall short of what is needed. After counties and cities get their constitutionally required share of new fuel tax revenue (which is $138 million under this bill), MoDOT would be left with $375 million in new revenue each year. If MoDOT is correct in projecting an unmet need of an additional $745 million per year in transportation funding, the fuel tax hike won’t even solve half the problem.

Missouri’s road network is of prime importance to our state’s economy. More than 83,500 Missourians are employed in the transportation and warehousing sectors. Each year, over $700 billion worth of products travel on our roads, and that total may be as high as $1.2 trillion annually by 2030. Missouri’s central location in the country, crisscrossed with major roads and river networks, makes it a natural logistics hub with room to grow. We need good roads for the economy to thrive.
But how to raise more money to meet this critical need? One good way is through expanded use of tolling to support road construction and maintenance. Tolls are an extremely efficient tax, and—as a result of new technology—they can be collected without tollbooths or other inconveniences to people using the roadways. While interstates would be among the most logical routes to toll, doing so would involve overcoming legal challenges at both the federal and state levels. However, if the necessary steps were taken to make this a possibility, lawmakers could enact tolls at reasonable rates to pay for the needed reconstruction of some interstates. For instance, Interstate 70 is years past its intended lifespan, but would cost between $2 to $4 billion to rebuild—money that MoDOT simply doesn’t have on hand. Interstate 70 could be tolled at no more than 4 cents per mile for cars and 17.5 cents per mile for trucks on different stretches of the road to raise up to $4 billion over 30 years.

Another option is to index the fuel tax. Several states index their fuel taxes to some measure of inflation, population, or fuel efficiency, and Missouri could follow their lead. Cities and counties can also raise money for local roads through local fuel taxes. Seven cities already do this, with rates no higher than two cents per gallon, and more localities should follow.

Time is of the essence. Any budgetary savings from deferred road maintenance will cost Missouri dearly at the end of the day. Road quality deteriorates faster each year it is left unaddressed. A dollar spent in keeping a road in good condition is four or five dollars earned in not having to nurse the same road back to good health once it has fallen into disrepair. Whether through taxes or tolls, paying for long-overdue road maintenance won’t be fun—but continuing to ignore the problem would be worse.
A YEAR OF REMOTE WARFARE
ON THE BATTLEFIELD OF
POLICY

"BIG WHITE GHETTO"
BOOK TALK

On September 24, 2020, Show-
Me Institute hosted a virtual event
with National Review’s Kevin D.
Williamson. Kevin spoke about his
most recent book, Big White Ghetto, a
collection of long-form reporting and
essays on poverty, addiction, despair,
and their influence on American
culture and politics.

THE NATIONAL DEBT
CRISIS

On September 10, 2020, the
Show-Me Institute hosted a virtual
town hall featuring the Manhattan
Institute’s Brian Riedl. Brian discussed
the looming national debt crisis
in America, fiscal responsibility,
economic growth, and other topics.
TAX REFORM AND AMERICA’S NATIONAL DEBT CRISIS

On October 22, 2020, Show-Me Institute hosted Americans for Tax Reform President Grover Norquist for a special town hall on tax reform, the looming national debt crisis in America, and how politics can affect policy.

A CONSERVATIVE ECONOMIC AGENDA

New political and economic trends have many conservatives questioning their traditional commitments to free markets and limited government. On May 12, 2021, the Show-Me Institute and the National Review Institute hosted Ramesh Ponnuru, who called for a new conservative economic agenda.

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COMMENTARIES PUBLISHED IN 2020


January 29: “Medicaid Expansion Wouldn’t Be Cheap, and It Certainly Wouldn’t Be Free,” by Elias Tsapelas.


March 10: “Missouri’s Magical Medicaid Expansion,” by Elias Tsapelas.


April 23: “Saving Private Schools Can Save Public Schools,” by Michael McShane.


July 16: “It’s Like a Slow-moving Train Wreck,” by Susan Pendergrass.


October 26: “Funding Roads by the Mile, Not the Gallon,” by Jakob Puckett.

November 30: “Where are the Kindergarteners?” by Susan Pendergrass.


PAPERS PUBLISHED IN 2020

FINANCIALS*

REVENUE

- Individual Donations $2,115,275 92.58%
- Foundation Grants $152,247 06.66%
- Other Income $17,309 00.76%

Total: $2,284,831

EXPENSES

- Program $1,761,082 85.90%
- Overhead $289,119 14.10%

Total: $2,050,201

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 $2,895,774 97.98%
- Fixed Assets $59,627 02.02%

Total: $2,955,401

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


Joe Forshaw - Chairman and Treasurer

Joseph Forshaw is past president and CEO of Forshaw, a Saint Louis–based, 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.

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*. 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 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.

Megan Holekamp - Vice Chairman

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 B.S degrees in business administration and marketing from Washington 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 president of the Federalist Society–Jefferson City Lawyers Chapter. She was an adjunct professor of law at the University of Missouri and is 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 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.

W. Bevis Schock - Secretary

Bevis Schock is an attorney in solo practice in Saint Louis. He handles many civil rights cases defending the right of free speech and the right of all citizens to be free of government misconduct. He received his J.D. from the University of Virginia and his B.A. from Yale University.

Louis Griesemer - Director

Louis Griesemer is chairman of Springfield Underground, Inc. He is past president of Parkville Stone Company in Parkville, Missouri, and Barnhart Limestone in Barnhart, Missouri. From 2007 to 2008 he 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.

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.
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.

John Lamping - Director
John Lamping is a former Republican member of the Missouri State Senate, representing District 24. During his time in office he served as Chair of the Families and Pensions Committee and the Joint Committee on Pensions. Lamping has also served on several nonprofit boards and was on the board of trustees for Saint Louis University High School. He holds a bachelor’s degree in economics from Princeton University and an M.B.A. in finance from New York University.

Michael Podgursky - Director
Michael Podgursky is Chancellor’s Professor of Economics at the University of Missouri–Columbia, where he served as department chair from 1995 to 2005, and Director of the Sinquefield Center for Applied Economic Research at Saint Louis University. He is a former fellow of the George W. Bush Institute at Southern Methodist University. He earned a bachelor’s degree in economics from the University of Missouri–Columbia and a Ph.D. in economics from the University of Wisconsin–Madison.

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. In addition, he is a board member of the Children’s Scholarship Fund, and past board member of the Chess Club and Scholastic Center of Saint Louis.
2020 ANNUAL REPORT

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