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Jack Schultz, CEO of the Effingham-based Agracel Incorporated, talks about how the recent \$700 billion bailout has affected his company during the "Wall Street Bailout/Main Street Fallout" panel discussion in the Roberson Auditorium of Lumpkin Hall on Thursday evening. (Eric Hiltner/The Daily Eastern News)

Panelists discuss bailout in 'Wall Street Bailout/Main Street Fallout' presentation

By: Brittni Garcia/Campus Editor

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With questions running through everyone's mind about the financial crisis, students and the community came together to discuss issues in the United States and in the local community.

The department of business, business solutions, and SCORE sponsored the "Wall Street Bailout/Main Street Fallout," Thursday night.

Students, staff, administration and local business owners were part of the 170 people in the audience.

Audrey McLain, a sophomore commutation business major, did not have any background prior to the event on the financial situation.

"I thought it was interesting," McLain said. "I learned about the 401K and how this financial situation will help other businesses out."

Panelists included Richard Whitaker, a business professor; Jack Schultz, chief executive of the Agracel industrial development firm in Effingham; Brian Titus, general manager of Lorenz Supply in Mattoon; Dan Downs, president of First Neighbor Bank in Charleston; and Chuck LeFebvre, vice president of First Mid-Illinois Bank and Trust.

The opening question asked was about how the Wall Street Bailout plan affected their business and what they were doing differently with the changes in the economy.

Whitaker started out with an introduction on what the problem really is - the United States had a low interest rate environment from 2002 to 2005.

"It resulted in increases in home prices and what happened after that was people saw home prices go up, and it brought in speculators who then brought in first-time buyers who said buying a house was a good way to make money," Whitaker said. "This worked for a while because as house prices went up, you couldn't make a bad loan."

As a result, mortgage lenders lowered their criteria for loans to weak borrowers. Then loan defaults started to come up.

As a result, the market dried up, Whitaker said.

"Banks were eventually afraid to lend to other banks so it froze the market up," he said. Titus spoke about small business prospective.

"If you currently have a 401K, or plan to get one, there has been a dramatic reduction," he said. "Our employees have seen a decrease in their funds."

He said he tries to console employees that are doing the best they can to protect their money.

"We have also seen credit tighten dramatically from our customer which is difficult for us," Titus said.

For him, it is a catch-22.

This is because while credit tightens on their end, his business extends their terms, which makes them increase operating money.

Junior marketing major Adam Krischel said he enjoyed the responses from the panelists.

"I liked the way they put something so big in terms college students can understand," Krischel said. "And hearing the strength of the dollar surprises me because I always hear it's bad, but they say it's not."

Jeanne Dau, director of the Business Solutions Center, believed the presentation went well because she personally learned so much from the professionals.

"I learned so much that it will help us with helping entrepreneurs," Dau said.

Janice Spraker, staff member of the New Student Programming, said she is glad she attended this presentation because she felt reassured in what knowledge she knew about the financial crisis.

"It helps to reinforce how it was affecting the big and small businesses," Spraker said. "It was a diverse panel, and I am glad I got to hear what the experts had to say."

For the most part, Schultz said he had the best times in business in the first half of the year, but the second half was a bit more challenging.

"We really think this is more of a Wall Street problem rather than a Main Street problem, even though the politicians and the pundits would like to say they are bailing out Main Street. I see it as a bailout of Wall Street."

For local banks, Dan Downs said they have not changed their criteria because of the crisis the United States has seen.

The panelists compared the economic situation to the Great Depression

"This is the early stage of the recession. As far as how severe it's going to get is something we are going to have to see as it plays out," Whitaker said.

Shultz can see this crisis ending in the years to come.

"I think the stock market is generally a leading indicator in what is going to happen," Schultz said. "This will probably (be) one of our severe recessions, and I think we will start to see us come out of it sometime in 2009 and probably by 2010 for sure."

The moderators asked for advice the panel had for business students.

Schultz advised students to find an industry that excites them and get a job there in any position.

"What you want to do is just learn," Schultz said. "I would go to work and learn as much as I could and five years from now, I would start a business in that field."

Cheryl Noll, interim chair of the department of business, thought the night went well and she was glad to see how many students took interest along with community businesses.

"I was glad to see the students connect with the local business," Noll said.

Schultz said the United States has gone through past economic struggles and people have to realize the United States overcame them.

"As I look in the future, I think the best days in the U.S don't lie in the past...but our best days lay in the future," he said. "It's because the young people in this room...that will make this county better than it is today."

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