

Opinion

Illinois Business Journal breaks new ground with online version

These are exciting times, particularly at the *Illinois Business Journal*.

With careful consideration and deliberation, we've made the leap to



Smith

we've created one like no other.

Not only will this advancement benefit readers throughout cyberspace, it will also infinitely expand our advertisers' exposure. And in a time when the economy holds a tight rein on marketing dollars, this should be terrific news for advertisers who want to spread their message to companies across Southwestern Illinois and beyond.

When you check out our online presence at www.ijbjonline.com, you will notice that its appearance is unique from any other online newspaper. That is by design. We're proud of the print product, and our readers have enthusiastically agreed.

Rather than comprising our online edition with a bunch of links that readers have to click through, possibly missing important content in the process, the *Illinois Business Journal* online is exactly what you've come to appreciate - and will continue to be able to read - in print. *Illinois Business Journal* online looks identical to the business journal's print edition, complete with the exact same ads and editorial content. Once you arrive at the home page, an easy-to-use directory will allow you to move to certain pages or merely start with the front page and scroll your way through.

Since this unique online Web design replicates actual-size print version ads, those who advertise in the print publication will get their ad duplicated online - giving them 24/7 coverage -

archives included. When people research subjects online ranging from high speed rail to FEMA to eminent domain and more, they'll be led to those IBJ articles - and to the ads that appeared on the same pages.

And since the IBJ's online edition contains only those ads that are already being run in our print version, all advertisers will maintain a print *and* online presence - basically, they're recipients of a *free* online ad campaign. Isn't that a sweet deal, especially during a recession? This intentional pairing of print and online advertising will not only hugely benefit present and future *Illinois Business Journal* advertisers, but will ensure the longevity of our print version.

And for advertisers who'd like to make their online ad interactive, linking readers back to their own Web site, that's now possible at very little extra cost.

It's a delicate balance in the newspaper world today, creating a successful business model to sustain advertising revenue, increase readership, keep pace with

printing and postage costs and be able to have enough time left over to generate high-quality, innovative business coverage that won't be read or heard anywhere else. Other newspapers' efforts to create an online version of their publications have unfortunately resulted in an online product that competes with their own print product. At the *Illinois Business Journal*, our online version supplements our print version - rather than competing with it.

We think this transition online expands the marketing potential for Southwestern Illinois and St. Louis-based companies in a very tangible and affordable way, while increasing the distribution of our publication regionally and even globally.

Please let us know what you think. We welcome your input at info@ijbjonline.com. As always, thank you for taking the time to read the *Illinois Business Journal*. Your support enables us to do our best!

Kerry L. Smith is president and chief executive officer of the Illinois Business Journal. She can be reached at ksmith@ijbjonline.com.

You won't find the solution to the healthcare crisis in the 18th century

Since my June editorial on universal health care, I've received a number of letters from readers who decry the proposal as a government give-away that



Ortbal

will drive the country down a ruinous road paved with entitlements. Their fundamental tenet, as I understand it, is that individuals do not have a right to health care and therefore it's up to each individual to determine and provide for their own needs in this regard. They base this claim on the rights of man as set down by the founding fathers in the Declaration of Independence - that men were created with the rights to life, liberty and the pursuit of happiness.

Actually, the Declaration declares that men are created with certain unalienable rights and among these are the rights to life, liberty and the pursuit of happiness. It doesn't give a definitive list. It simply lists some of the rights that the founding fathers believed men intrinsically held. Maybe they would have specifically cited health care if the doctors of the day had

been bumping their price for blood letting by 15 percent a year.

Frankly, I think the argument of whether or not a person has a right to health care is both immaterial and unproductive. The concept of a person's rights is a philosophical discussion that has no definitive answer.

My argument for universal health care is not based on the concept of rights, but simply based upon the common need. Throughout history, societies have taken action to provide solutions to common needs and to create systems for the common good. The ancient Romans, for example, levied taxes and built aqueducts and roads.

In our own society, we have concluded that public safety is a common need and is best provided by taking communal action. So we levy taxes and we create fire and police departments. We've concluded that it is an important, common need that our children are educated, and so we levy taxes and we build schools, buy books and hire teachers.

It would be possible, I suppose, to leave the solutions to these problems to individuals as we do with health care. If I have a gun and the ability to use it and feel that I can defend myself, my family and my home just fine, thank you, why should I be forced to pay taxes to support

a police department because you can't?

I've never had reason to call on the fire department; maybe it should be my prerogative to either take my chances or to provide my own system to handle a fire, should one ignite in my home.

I don't have children in school. Should I have to pay taxes to support the school district?

At some point - and probably at multiple points - in everyone's life, you will have need of health care. I submit that this is perhaps the most common need. Some will need more than others, but there is no way of knowing if you will be one of the lucky ones or not.

Since we all have healthcare needs, does it not make sense to try to provide for those needs through collective action? I think it does.

It makes no more sense to approach health care on an "every man for himself" basis than it does to use this approach to provide for the public safety or education. Therefore, I think it is a pretty simple conclusion to realize that health care is a fundamental need that is common to all of us - and is best addressed through collective action. Once you come to that conclusion, the question then becomes not if, but how.

Understand, I'm not defending the current proposal. Personally, I think the government health insurance alternative

will fail - not because it will run the private insurers out of business, but because I think it will get overloaded with the expensive, high-maintenance people that the private insurers don't want.

What is the best way in terms of cost, quality and availability of providing a healthcare system that serves all of us? I submit that it is a two-tiered system with Medicare providing a baseline insurance coverage for everyone, and leaving it up to individuals to add supplemental coverage if they so choose...the same way that Medicare works for the elderly today. Rather than "sock the rich" gimmicks like those that have been proposed, I would suggest a payroll tax that would be paid by all employers and all employees.

For those who like to hang their hats on constitutional rights, I would be careful about putting too much weight on that hook. Our founding fathers saw fit to limit many of those rights to white, male landowners and did not believe that the rights of life, liberty or the pursuit of happiness pertained to people of African descent. We'll all be better off if we work to solve our common problem today rather than argue about what men might have done 230 years ago.

Alan J. Ortbal is vice president and chief operating officer of the Illinois Business Journal. He can be reached at aortbal@ijbjonline.com.



Write to us

We'd like to hear your opinion

In 300 words or less, write to us on a topic relevant to Southwestern Illinois business readers.

Sign and mail your letters to:

Illinois Business Journal
P.O. Box 1070, Alton, IL 62002

Please provide a daytime telephone number for verification of authenticity

Commentary

The \$787 billion stimulus package: too big and too late?

R.W. Hafer is a regular columnist for the *Illinois Business Journal*. He can be reached at (618)650-2542 or hafer@siue.edu.

The Great Recession appears to be ending. Everyday there are more and more signs that the deepest recession in



Hafer

halting the economic slide?

Back in February, when it seemed that the economy was imploding, Congress approved the Obama Administration's hastily concocted \$787 billion program to stave off the downturn, create jobs and boost output over the foreseeable future. This historical package of government spending came fast on the heels of the Treasury and Fed intervention into financial markets.

The argument made then was that such an economic calamity required not only Fed action, but also a massive dose of fiscal policy to right the foundering economic ship. It is useful to consider the history of such stimulus plans. It also is informative to review the recent evidence on what the plan's economic impact might be.

A number of prominent economists quickly supported the use of increased government spending to temper the

downturn. Paul Krugman, the most recent recipient of the Nobel Prize in economics and a columnist for the *New York Times*, argued vociferously for the plan. He even has warned that it isn't big enough. Other prominent economists also favored increased government involvement. It appeared that the economics profession had rejected the market's restorative abilities for government direction as the path out of this predicament.

The *Economist* noted in a recent review that the call for increased fiscal policy actions summoned up the roots of macroeconomics. The great British economist John Maynard Keynes in the 1930s demonstrated theoretically that economies could get mired in recessions. During downturns, individuals facing uncertain job prospects and businesses witnessing declines in demand for their products would each curtail spending.

According to Keynes' model, this decline in overall demand would persist unless the government stepped in to fill the void. Keynes had, therefore, provided an explanation for the Great Depression - and provided the roadmap to avoid such a devastating economic catastrophe in the future. The key was an increased role for governmental guidance of the economy.

Keynes believed that such government intervention could revive economies. He also cautioned that such actions should be temporary fixes: Once the economy returns to full employment, the government should step down its spending and its involvement with the production of goods and services. Keynes' supporters largely ignored this last bit of wisdom. For many years, his model was used to justify government policies aimed at manipulating economic activity.

The notion was that bureaucrats and their economic advisors could "fine-tune" policy to keep the economy operating at full employment.

This view fell into disrepute in the 1970s. The advent of "stagflation" - high inflation and high rates of unemployment - led many to (rightly) dismiss the usefulness of fiscal policy. Monetary policy quickly replaced it as the main tool by which governments would try to ensure steady economic growth and low inflation. And since the early 1980s, that approach worked. Aside from the effects of the stock market crash stemming from the tech bubble earlier this century, the economy has grown and inflation has remained contained.

The recent bursting of the housing bubble, the near-collapse of the financial system and the misfortune that followed seemed eerily similar to the conditions Keynes warned about some 70 years ago. To prevent systemic failures, the Fed and the Treasury propped up a number of banks to prevent their closure. Monetary policy stepped in quickly to act as a lender of last resort and to flood the economy with liquidity. The Fed pushed rates to near zero early in the year. Though a subject of continued debate, this action planted the seeds for the budding recovery.

Since the brunt of the stimulus package has yet to find its way into the economy, it logically can claim little success in turning the tide. If the fiscal package did not stem the downturn, supporters now assert that it really is there to boost economic activity in the future. Unfortunately, recent research findings do not support that claim.

A change in government spending (or a change in tax rates) has a "multiplier" effect. The analysis used to support the Obama stimulus plan is based on a spending multiplier of about 1.5. That is, an additional dollar of government spending is projected to deliver generate about \$1.50 in increased economic output. The problem is that non-administration economists believe that the actual government spending multiplier more likely is about half of this estimate. If true, the "stimulus" to the economy will be much less than proponents have led us to believe.

The multiplier effect from a tax cut, however, is much larger. Over a two-year horizon, a tax cut has an estimated multiplier that ranges from greater than one to three. This means that a dollar reduction in taxes could yield a \$3 increase in output. For all the bad press tax cuts have gotten, that portion of the stimulus package - not the increased spending - will produce a long-term positive effect on economic output.

As the various spending components kick in, the economy already will be well into its recovery stage. The stimulus package will appear to have "worked." Supporters of big government will claim victory for their theory: Keynes gets resuscitated. All the same, the enormous stimulus plan will simply enlarge the scope of government without contributing to long-term economic growth.

R.W. Hafer is a distinguished research professor and chairman of the Department of Economics and Finance at Southern Illinois University Edwardsville. He is also a scholar of the Show-Me Institute in St. Louis.

Letters

Dear Editor:

I agree with Scott Loeffler's July '09 letter to the editor assessment of Alan Ortals's June '09 editorial ("Every man for himself is not a healthcare plan, Medicare for all is").

I was raised on a farm; we raised all our meat (beef, pork and chicken), gathered our own eggs, raised and milked our own cows, planted a large garden and harvested and preserved its bounty as well as the bounty from our small orchard. We went out into the pasture and picked wild blackberries, black walnuts and hickory nuts. We hulled the nuts, cracked them and picked them out so Mom could put them in her cakes and cookies, etc. that she made. My brothers also earned some of their spending money by selling some of the blackberry harvest in the nearby town. We grew alfalfa for hay, corn and wheat to feed our animals. We butchered our animals and made our own sausage, cured our own bacon and hams, cut up our own meat and ground some into ground beef.

My mom did a lot of canning and freezing (which she taught her girls how to do). She made cottage cheese from some of the surplus milk (that is the only kind of cheese she made) and we sold the rest. Sometimes we would keep some of the cream and make our own ice cream. Everybody else around us was doing the same thing. When crops were planted and harvested, everybody helped and you helped your neighbors if they needed it. I say all of this just to say: "If you don't work, neither should you eat," my paraphrase on 2 Thessalonians 3:10. God made provision for the poor, but they

had to work to get it.

I know that times have changed since my growing-up years, but the principle stays the same. Our constitution states that we are entitled to "life, liberty and the pursuit of happiness." It is something you work for; it is not handed to you on a silver platter.

**Ron and Vi Boschelli
Highland**

Dear Editor:

Improving our huge healthcare system does not require revolutionary change. The following modifications would - in the aggregate - control costs, while preserving and improving quality, access and choice:

Allow individuals to use pre-tax dollars to purchase health insurance. Enable groups of small businesses to purchase health insurance for their employees. Allow health insurance to be sold across state lines (Shadegg bill). Avoid guaranteed insurability. In Massachusetts, short term policy holders spend 600 percent more than others during the same time period.

Eliminate Explanation of Benefits (EOBs) for routine outpatient services in all insurance plans, including Health Savings Accounts (HSAs). Provide transparency in fees and payments for services. The patient and the providers should negotiate the balance by previous agreement.

HSAs save money. Reduce HSA administrative costs further by allowing

payment at the time of service, higher deductibles and higher HSA contributions.

Provide better insurance options for patients with preexisting conditions by allowing higher deductibles or secondary insurance for those patients, possibly with some means-tested tax refund. Reform, standardize and expand high risk programs available in many states today.

Poor Medicare payment often hinders access to primary care. Eliminate EOBs for routine expenses. Encourage and closely monitor the newly created Medicare Savings Accounts. Consider creating Health Retirement Savings Accounts during one's working years to help pay for medical expenses after retirement.

Encourage innovative, combined, government and private Medicaid programs to assure availability of cost-effective, quality care. Create tax refunds for the uninsured, medically indigent.

Egregious graft by criminals and malpractice litigation abuse are two huge sources of waste. Criminal, phony Medicare and Medicaid clinics receive millions of dollars from bogus government payments and disappear before being discovered. A cap on non-economic awards will control malpractice litigation abuse.

Avoid an inflexible, authoritarian socialist bureaucracy. Reform must have the capacity to innovate and modify, based on needs, successes and failures, and can occur through a combination of market and supportive governmental activity.

**Dr. Robert F. Hamilton
Godfrey**

IBJ Business News

SIHC gets federal cluster grant

U.S. Rep. Jerry Costello (D-IL) announces that the Southern Illinois Healthcare Foundation has been awarded a \$50,000 Health Center Cluster grant from the U.S. Department of Health and Human Services. The funds will be used to provide healthcare services.

Entrepreneurship Center awards entrepreneur

With a vision to guide her and a prestigious award matching up to \$7,500 of business expenses, Entrepreneur Donna Potter of Edwardsville has received a \$7,500 matching award from the Entrepreneurship Center at Southern Illinois University Edwardsville for introducing a unique product to the world through her company, Freedom Gates.

By receiving the Challenge Award, Potter was able to invest more than she otherwise could in Web site design, public relations enhancements and legal work for intellectual property.

The Entrepreneurship Center is an outreach program of SIUE's School of Business.

Riverbend Head Start receives Health and Human Services grant

Riverbend Head Start & Family Services, located in Alton, has been awarded a \$460,197 Head Start grant from the U.S. Department of Health and Human Services.

Government Affairs Report:

Illinois State Chamber of Commerce

By **DOUGLAS L. WHITLEY**
President and CEO
Illinois State Chamber
of Commerce

Summary of Capital Plan Taxes and Fee Increases, Final FY 2010 Budget Now Available

With Gov. Pat Quinn's signage of the state's first multi-billion dollar capital plan in over a decade, Illinois infrastructure needs will no longer go unaddressed. The governor's approval of the \$31 billion capital plan, however, also means

consumers and motorists will see increases in some taxes and user fees.



Whitley

General Assembly, Governor Approve New Budget Based on Borrowing; Senate President Promises Push for Tax Increase in January

The General Assembly finally approved a new state budget, bringing a bittersweet end to yet another disappointingly prolonged session. The new FY 2010 budget, which relies heavily on borrowing and budget cuts, however, still represents a confusing financial scheme that is absent of major spending reforms the chamber and the business community believes are crucial to the state's long-term financial recovery.

The governor has admitted that the new state budget is as much as \$5 billion out of whack, which runs counter to his actions taken earlier last month on a budget he claimed was unbalanced. While the new state budget is a 12-month budget, both the General Assembly and the governor acknowledge that it is a temporary solution and legislators may be required to address inevitable budget issues this fall.

In the meantime, Sen. Pres. John Cullerton is ramping up calls for an income tax increase in January, when the requirement for passage falls back to a simple majority. Cullerton has already promised to call the Senate back on Jan. 14 to deal with "tax reform" issues.

Several legislative workgroups have also been assembled to explore spending reforms - including pensions and Medicaid - over the next several months, but it is unclear if those reforms will attract any serious attention later this year or early next year.

What is clear is that while Quinn and the General Assembly prevented a disastrous financial meltdown, they did little to protect that state from years of ongoing budget woes.

After failing to approve a \$2.2 billion pension borrowing plan at the end of June, legislators were also able to muster the votes to pass an even larger \$3.5 billion pension borrowing plan that, once again, is silent on systemic reforms. Illinois' borrowing potential, however, is already facing potential roadblocks with Moody's recently issuing a warning that the state's failure to restore fiscal integrity may force its credit rating south.

Social services will be spared deep and severe cuts under the new budget, but not to the degree they would have hoped. In fact, providers and vendors are still facing a mountain of well over \$3 billion in unpaid claims that are left untouched by this budget and will, once again, be allowed to compound in the next fiscal year.

The new budget implementation bill does mandate 12 unpaid furlough days for legislators, but the governor's pursuit of 12 unpaid furlough days for state employees will have to be negotiated with the unions, as will the scheduled pay increases. Quinn is still demanding 2,500 layoffs, but that process will also prove long and messy with little promise of immediate savings.

In fact, the closest any legislation came yesterday to imposing some sort of spending reform and accountability was the budget implementation bill - but those provisions simply allow, rather than require, state agencies to develop

and implement quality management, accountability and performance systems.

Overall, yesterday's outcome is not a win for anyone. Talk of economic recovery is still just talk - and it is almost a guarantee that the business community will be forced to battle against an income tax increase again early next year, when the state's budget deficit has undoubtedly exploded.

The state's fiscal house is still a complete disaster; and as the chamber has maintained and will continue to maintain, without serious spending reforms, Illinois will end up in the same sunken boat as California.

Governor Signs Long Overdue Capital Plan

The governor followed through with his promise to sign the capital plan. The new \$31 billion capital plan represents one of the few bright spots in this budget battle that had previously threatened to derail the new capital budget.

The state's new infrastructure plan will be supported by new revenues generated from increases in motor vehicle user fees and taxes on alcohol, candy and soft drinks, as well as the legalization of video poker. The increases in the tax on alcohol, candy and soft drinks will take effect on Sept. 1, and the motor vehicle user fee increases will go into effect 90 days after Quinn's approval of the plan.

House Releases Veto Session Schedule

The House is scheduled to return for its two-week fall veto session on Oct. 14.

IBJ Business News

Grubb & Ellis|Gundaker Commercial to sell apartment communities

The Grubb & Ellis Co. and Grubb & Ellis|Gundaker Commercial have been selected to represent KC Venture Group LLC in the sale of the Southwest Crossing and Cedar Creek Lodge apartment communities in St. Louis.

Concrete Restoration and Waterproofing is our Business!



Many of our region's leading corporations and institutions know us as a hard-working, solution-driven company. We never compromise on the quality we deliver on each and every project. We'll restore your structure, waterproof it and protect it from future damage.

Your building is your investment, why not give it the Superior attention it deserves.

SUPERIOR

Waterproofing & Restoration Co., Inc.

3310 Samuel Shepard Dr. • St. Louis, MO 63103

Tel: (314) 531-6100 or Toll-Free: 1-866-531-6300 • Fax: (314) 531-6200

Visit our website @ www.superiorwaterproofing.com

Growing Business? We want to help! Affordable Housing Development? We help with that too!

Business :	Housing :
Infrastructure Loans	Development Potentials
Training, Job Referral and Recruitment	Acquisition, Construction and Permanent Financing Loans
Business & Housing :	
Financing	
Tax Abatement	
Enterprise Zones	
Building and Site Locations	
Demographics, Labor Market and Zoning	



Madison County Community Development

Call us at 618-692-8940 John Herzog or Destini Lednický



Sunset Mortgage Services, L.L.C.

Mortgage loans through someone you know and trust.

Call 618.628.7654

IN AFFILIATION WITH



DIEL & FORCISON FINANCIAL GROUP
FINANCIAL • CONSULTING • CRM SERVICES



- ♦ Competitive Rates & Fees
- ♦ Locally Owned Professional Organization
- ♦ Evening & Weekend Appointments Available