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Maintaining Our Nerve in the Quad Cities, While Wall Street Loses Its Nerve

(On October 9, 2008, President Steve Bahls presented the keynote address at the annual meeting of the Illinois Quad City Chamber of Commerce in his capacity as chair of the Chamber's Board.)

Thank you all for taking time from your busy schedules to attend tonight's awards banquet. It is indeed a special evening as we honor those who help make our community great!

Congratulations to our award winners and thanks to our sponsors for this evening, particularly our primary sponsor, Trinity Regional Health System. And special thanks to Scott Lohman for his leadership of the Chamber board for the past year. He stepped seamlessly into the position, and without much advance warning, when then Chair Bill Leaver departed for his new position in Des Moines.

It is customary for the chair of the board to review the accomplishments of last year and talk a bit about the agenda for the next year. Let me be brief in that regard.

Last year, we had a great year. With your help, the coming year should be as good or better.

That's my annual report. I told you it would be brief!

Now let me make a few comments about what is really on my mind and probably on your minds -- the nation's economic crisis.

Who would have believed a year ago that Bear Stearns, Lehman Brothers, AIG, Freddie Mac and Fannie Mae would suffer meltdowns?

These meltdowns have caused Wall Street to lose its nerve. Worried investors have caused the stock market to lose 30% of its value. Worried mega-banks refuse to lend to each other or to businesses and when they do, it is often at exorbitant rates.

There is a Swedish proverb that states "worry gives a small thing a big shadow." The small thing, a meltdown in a relative small number of banks, is casting a long shadow from Wall Street to the main streets in the Quad Cities. Local businesses find it more difficult to get credit at reasonable rates and Quad Citians may find it more difficult to get credit for home loans, car loans and credit card advances. And we are all worried about our retirement accounts.

So we are faced with a question. When leaders on Wall Street lose their nerve, will the business leaders in the Quad Cities also lose their nerve? I hope not. While we are not immune from national trends, let me give you five reasons why we shouldn't lose our nerve.

First, *the Quad City economy is less prone to the wild swings that we see nationally.* It is not as bad in the Quad Cities as on Wall Street and other areas of the country. We didn't experience a housing bubble. We didn't experience overbuilding of our retail capacity. As Midwesterners, we have been more conservative in business

expansions and have generally avoided risky investments. As a friend of mine said, when it comes to business, we have stuck to our knitting. The cornerstones of our economy -- including construction, agriculture implement and defense-related businesses -- have been strong.

Second, *the Quad City area keeps on getting better*. According to the U.S. Census Bureau, population is increasing in Rock Island County for the first time in many years.¹ The unemployment rate in the Quad City area is significantly below the U.S. average.² Anyone familiar with public education knows that there is a new commitment in our public schools to enhance student learning and that commitment is already showing results.³ The West Rock River Bridge will open up significant opportunities for development in Southwest Rock Island County. The leadership at the Rock Island Arsenal is more engaged than ever in making our community a better place.

Third, *future megatrends in the economy will favor the Quad Cities*. Yogi Berra was right when he said "the future ain't what it used to be." For the Quad City economy, that is good news. Though energy prices have dipped, it is likely that prices will resume their steep increase in the long run. A story in last month's Fortune magazine builds a credible case that oil could increase to \$500 a barrel.⁴ Futurist James Kunstler, who recently spoke at Augustana College, predicted that if oil reaches these levels, the local economies that will prosper the most are those economies that have experienced less urban sprawl and have the benefits of access to water and agricultural resources, as well as rail and water transportation.⁵ Sounds like the Quad Cities, doesn't it? In addition, as America embraces alternative energy and greener technology, many Quad City businesses are positioned to take the lead within their sectors. And we will find that the rich racial and ethnic diversity of our community will provide real growth opportunities.

Fourth, *the Illinois Quad City Chamber of Commerce is more committed than ever to helping businesses stay strong during difficult economic times*. The Illinois Quad City Chamber of Commerce staff, ably led by Rick Baker and his team and working with the Chamber board, has developed a work plan to address the economic issues members are facing. Specifically,

- In difficult economic times it is increasingly important to market to and network with each other. We will provide numerous opportunities for our members to enhance their networking and marketing.
- Community and economic growth issues are top priorities for the Chamber. The chamber will develop and promote technology-based tools that promote both housing and business expansion opportunities in the Illinois Quad Cities. We will continue to work to influence public policy to expand our employment base.
- We will step up our advocacy efforts, particularly for passenger rail, which is now much closer to reality.
- We need to make sure talented employees are attracted to and retained in the Quad Cities and that emerging businesses are fostered. To this end, we will provide a new website, <http://www.quadcitycareers.com/>, to attract the needed workforce, and launch "Chamber U" to help leaders of emerging businesses gain the knowledge base and skills needed in today's competitive world.

Fifth, finally, and most importantly, *we as members of the Quad City Business Community will help each other get through this economic crisis*. Let's think locally during these difficult times. Let's not lose our nerve like Wall Street did. Let's not be overcome by fear, but let's remember the region's long term strengths and potential. When we do so, we will continue to strengthen our community by investing in the economic and employment base of our community. And let's think locally when we purchase goods and services. What if we each made it a

point to purchase locally, unless there is a compelling reason to purchase from outside the region? Imagine what a difference that could make for our economy.

I want to conclude by thanking you for the honor of serving as your Chair of the Board of the Illinois Quad Cities Chamber of Commerce. I am indebted to the students, faculty, staff and trustees of Augustana College for allowing me to spend time chairing the Chamber board. The year ahead is an important one for all of us, and I am honored to be part of your Chamber team. And, like each of you, I am proud to be member of the Quad City business community.

¹Census.gov/popest/counties/CO-EST2007-01.html

² 5.5% compared to the national average of 6.1%. www.bls.gov/web/laummtrk.htm

³ See, e.g., rockislandschools.org/rinews/index.php?option=com_content&task=view&id=166&Itemid=73 District report card

⁴ Brian O'Keefe, [The Prophet of \\$500 Oil](#), Fortune 212 (Sept 29, 2008)

⁵ [Kunstler: We need a plan, not wishful thinking www.augustana.edu, Sept. 25, 2008](#) (www.augustana.edu, Sept. 25, 2008)



Accounting	Communication Studies	Geography	Music	Pre-Optometry
Africana Studies	Computer Science	Geology	Music Education	Pre-Pharmacy
Anthropology	Creative Writing	German Studies	Music Performance	Pre-Physical Therapy
Art	Economics	Greek	Neuroscience	Pre-Physician Assistant
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Biochemistry	Engineering Physics	International Business	Philosophy	Psychology
Biology	English (Literature)	Japanese	Physics	Religion
Business Administration	English (Writing)	Landscape Architecture	Political Science	Scandinavian Studies
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Chinese	& Forestry	Library and Information	Pre-Law	Sociology
Classics	Environmental Studies	Science	Pre-Medicine	Sociology (Social Welfare)
Communication Sciences	Ethics	Mathematics	Pre-Music Therapy	Spanish
& Disorders	French	Multimedia Journalism	Pre-Nursing	Theatre
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