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Financial crisis

"Unless we gave them hundreds of billions of dollars to bail out Wall Street, financial Armageddon would ensue." - Secretary of Treasury Henry Paulson Jr.



All Photos AP; Graphic by Zayil Cuaya

by **Matthew Allabastro**
News Writer

Like a group of hand-wringing relatives in a hospital waiting room, the audience at Loyola's economic panel discussion waited nervously for news of the economy. ABC 7 News reporter John Garcia and his television crew

observed an audience of more than 100 students, faculty and the public listening attentively to grim-faced law professor Steven Ramirez. Ramirez stepped up to the microphone to deliver the bad news: The Secretary of the Treasury Henry Paulson, Jr., had effectively told Congress "unless we gave them hundreds of billions of

dollars to bail out Wall Street, financial Armageddon would ensue."

On Wednesday, a day after the Wall Street Journal ran an editorial titled "The End of Wall Street," Loyola hosted a panel discussion at the School of Business on the mortgage crisis and the government proposed bailout with business professor George Kaufman

and law professors Charles Murdock and Steven Ramirez.

Ramirez used a PowerPoint demonstration to deride the Secretary of the Treasury's proposal, which he called a giveaway to Wall Street with no accountability.

"Keep in mind we live in a nation

see FINANCE page 6

Political Series: College Democrats

College Dems rock their votes

by **Mari Grigaliunas**
News Writer

Less than half of eligible young voters acted on their rights as citizens and voted in the 2004 presidential election according to Rock the Vote, a movement encouraging young people to become politically active.

Loyola's College Democrats hope to change that statistic. With a guaranteed historic election only a month away, the group works to engage as many citizens — especially students — as they can in the election.

"We're either going to have an African-American president or a woman vice president," said Daniel Herzmann, a sophomore member of College Democrats. As he explained, the hype of history-making might generate superficial interest in the campaign instead of a deeper concern for the more significant issues, but interest all the same.

On certain weekends, like this past one, members of College Democrats, as well as any other interested students, travel to Iowa (a swing state) on canvassing trips organized by Students for Barack Obama.

As Sean Kennedy, senior and former president of College Democrats, pointed out, the Obama campaign has focused a lot of energy from the beginning on gaining the youth vote and the college vote, but also said that politicians "really can't count on the youth vote for anything."

Between canvassing trips and voter registration drives, the club hopes to assist not only Obama's campaign, but its attempt to increase young voter turnout. Many of the members already notice a positive change in the involvement of young people in politics with this election.

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Stritch School doctors warn against virulent 'superbug'

by **Anthe Mitrakos**
News Writer

Doctors at Loyola University Chicago Stritch School of Medicine warn that a virulent strain of a common intestinal bacterium is emerging as a deadly superbug. Better known as C-diff, the bacteria was discovered in 1978 to be the cause of antibiotic-associated diarrhea and Colitis, a culprit in an increased number of related deaths.

"It's a very hardy strain that seems to persist," said Dr. Stuart Johnson, associate professor of

medicine in the division of infectious cases at Loyola University Chicago Stritch School of Medicine.

Dr. Dale Gerding is professor of medicine in the division of infectious diseases at Stritch School of Medicine. He is also associate chief staff for research at Hines VA Hospital.

"In the past it was thought to be a nuisance illness," said Dr. Dale Gerding. "Now it is a fatal illness and a lot of physicians have not figured that out as [of] yet."

Currently plaguing hospitals, the virulent strain now rivals the

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VP of Student Affairs chosen as Spring Hill College president

By **Ahad Syed**
News Writer

The Board of Trustees of Spring Hill College announced on Sept. 25 that Richard Salmi, S.J., will be replacing Gregory F. Lucey, S.J., as the 38th president of Spring Hill College. Lucey has served as president of Spring Hill College since 1997.

Founded in 1830 and located in Mobile, Ala., Spring Hill College is the oldest college in the state. It is a small liberal arts college with a total student body of 1,500.

Lucey announced last semester that it was time to retire after 12 years.

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The Phoenix/Zayil Cuaya

Moving on — Richard Salmi, S.J., will take over as president of Spring Hill College in Alabama, a Jesuit institution, after this school year.

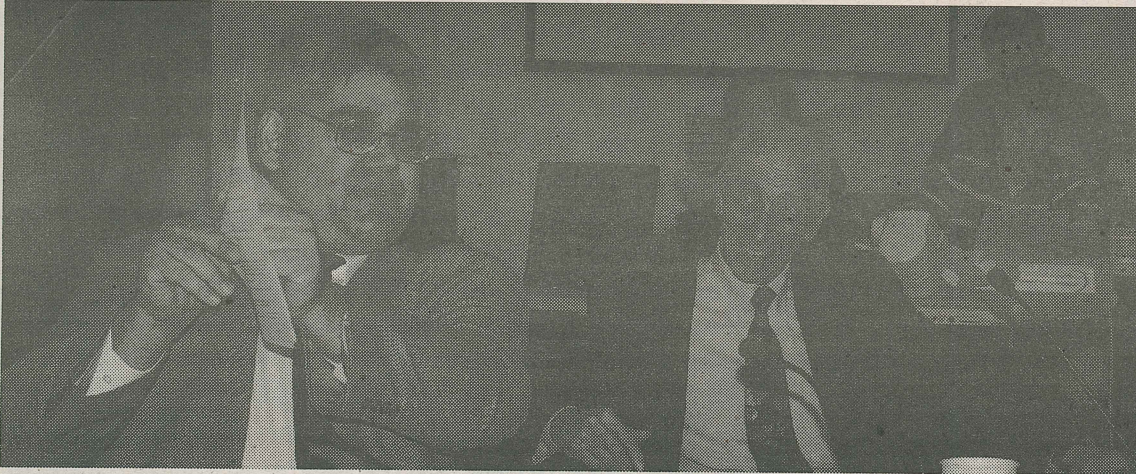
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Elisabeth B. Brookover

It's not Monopoly money — Professors Steven Ramirez and Charles Murdock discuss the current financial crisis and the potential bailout still being debated in Congress.

FINANCE: Panel analyzes bailout

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with the highest incarceration rate in the world," Ramirez said. "Just go down to the federal courthouse. You can see the line of petty drug dealers going off to jail. What do you get when you crash the global financial system? \$700 billion and a 'get out of jail free' card." Ramirez then switched to a slide showing the infamous Monopoly card, getting a laugh from the standing-room-only audience.

Another slide showed the cover of Fortune magazine from 2007 which listed the names of the CEOs from Citigroup, Bear Stearns, Morgan Stanley and Merrill Lynch and the billions lost under their leadership. The headline: "What were they smoking?"

"And this was before the hard drugs," Ramirez said, adding that the losses in 2008 are greater than in 2007.

Ramirez, who worked for the Securities and Exchange Commission and was a senior attorney with the Resolution Trust Corporation, a government-owned asset management company created to liquidate

the assets of failed savings and loan financial institutions of the 1980s, said a better proposal would be more like FIERRA, the 1,000 page, \$124.6 billion bailout of the Savings and Loans, than the three-page Paulson plan.

"It's got hundreds of pages in enhanced criminal provisions, whistleblower incentives and bounties for whistle-blowers, civil liability and enhanced regulatory power. The index and the table of contents is exponentially larger than the Paulson proposal. This is doing bailout right."

Professor Charles Murdock spoke about the predatory lending practices of mortgage brokers who routinely sold mortgages to people who could not afford them. One broker who Murdock spoke of, just out of college, made more than \$1 million, owned a \$1.5 million Connecticut home and five cars, while authorizing \$300,000 and \$400,000 loans to people barely making car payments.

"I get so worked up about this stuff I can't even sit down," Murdock said.

He added that banks must give the government an equity position

in the banks accepting government help. The equity could be in the form of bank-issued warrants which the U.S. Treasury could trade in for stock to recover some of the losses to the taxpayer.

"Either e-mail or fax a note to your congressman and say no bailout without equity, because that's my theme ... I think it's a disaster if the government does not get equity."

Professor George Kaufman, the self-described conservative on the panel, explained the intricacies of the subprime mortgage debacle. He called the current financial crisis "a perfect storm," an accident waiting to happen, stemming from government mandated affordable housing, mismanagement by the Federal Reserve and investors who were "swept away by the euphoria of housing prices increasing year after year."

Third-year law student Matt Glavin said, "This is really going to be a focus ... whether or not we have this corporate socialism where we have the privatization of profits and the socialization of losses, or if we say that this is a capitalist society."

Financial woes resonate on campus

by Laura Burns
News Editor

If this week has been stressful for you because of midterms, just be grateful you weren't on Wall Street or in Washington, D.C. After a week of problems on Wall Street, Secretary of the Treasury Henry Paulson Jr. asked Congress to pass legislation enabling the Treasury to buy \$700 billion worth of bad mortgages from troubled financial institutions to help increase the flow of credit in the industry.

Last Wednesday, President George W. Bush gave a primetime address pleading with Americans to support the bill because "our entire economy is in danger." Then lawmakers spent the weekend hammering out the details of what would have been the biggest federal intervention into the financial industry since the Great Depression.

But the bill failed in the House of Representatives in a vote of 205 to 228 on Monday, after which the Dow Jones plunged 777 points, the biggest single-day fall ever. Tuesday was spent debating alternatives to the bill with no immediate decision in sight when the PHOENIX went to press Tuesday night.

For most students and professors at Loyola, life has proceeded as usual, but for those in the School of Business, classroom conversations have been punctuated by the distressing news from Wall Street and Washington.

"It's a complete mess right now," senior international business major Gordon Sims said. "I don't think anyone knows what to do."

Sims said his business classes have discussed the pros and cons of the proposed legislation along with how the financial crisis might affect students and the U.S. economy. Economics professor Mine Cinar, Ph.D., spends the first 20 minutes of her class discussing the financial crisis to keep students up-to-date. While the crisis is not directly affecting students right now, the future is uncertain.

"My tendency is to be pessimistic," Cinar said. "Definitely in the banking and financial field there won't be as many jobs as there were before."

"It's reasonable to assume some corporations will be cautious in hiring," economics and finance professor A.G. Malliaris, Ph.D., said. "Most of my students will be graduating in a year or a year and half and we all hope that by then the situation will be much better."

In Washington, politicians are still debating what is the best way to improve the situation.

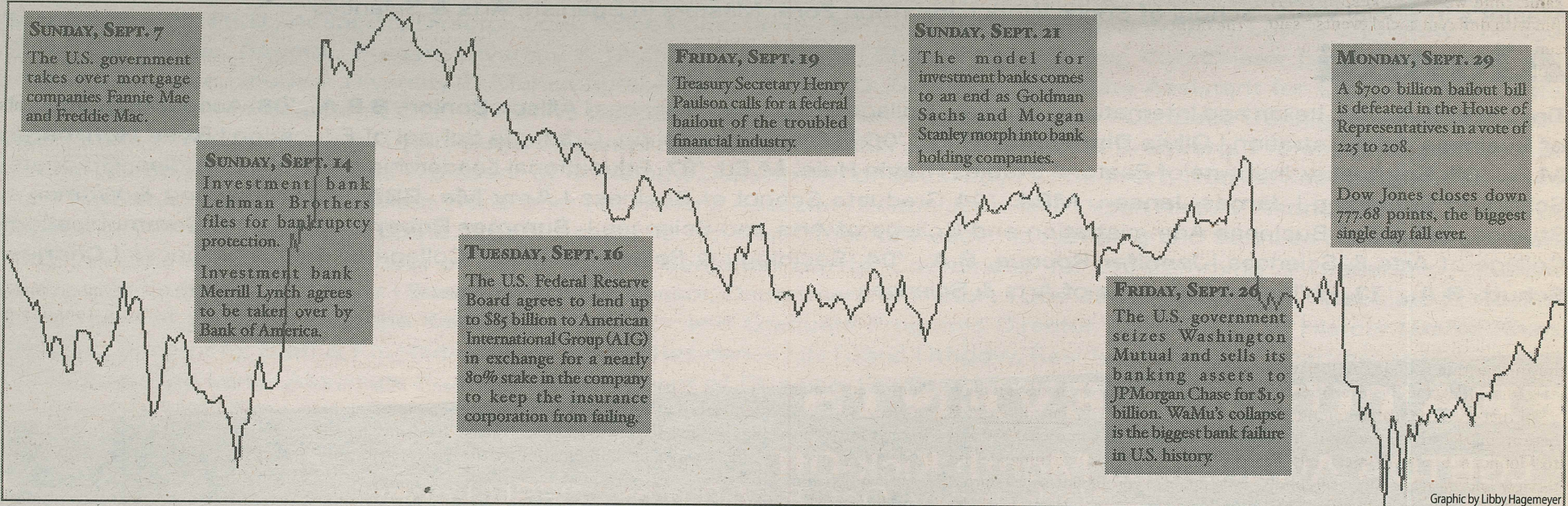
"My logic leads me to argue that the U.S. government should make an effort to pass a new version of the bill so that we proceed to stabilize the system rather than continuing with the uncertainty," Malliaris said.

However, lawmakers have argued against burdening taxpayers with the responsibility of owning, managing and eventually selling these mortgage-backed securities the Treasury plans to purchase. Congressman Mike Pence (R-Ind.) argued "nationalizing every bad mortgage in America is not the answer."

"[The bailout bill] is causing taxpayers to bear the cost of the poor decisions of a select group of people," senior economics major Kyle Peyton said.

While a modified bailout is still on the table, other options are being discussed, such as making more Federal Deposit Insurance Corporation insurance available to bank customers, cutting short-term interest rates and changing the way mortgage-backed securities are valued.

"Something had to be done to keep credit markets functioning for homeowners, small businessmen and others dependent of credit," economics professor Louis Cain, Ph.D., said. "This was probably the best of several unpalatable alternatives. Those who voted against it [Monday] don't have a better answer, and we are now likely to end up with something not as good."



SUPERBUG: Stritch identifies virulent strain

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superbug Methicillin-resistant staphylococcus aureus (MRSA) as an aggressive threat to humans. Though the epidemic strain has been recorded in 38 states including Illinois and sickens half a million Americans each year, it is ironically unfamiliar to most.

"I don't think people appreciate the urgency and severity of the disease," Gerding said.

The growing number of severe cases has raised a red flag in the medical community. Particularly hard hit are hospitals in Quebec with about 2,000 deaths directly attributed to the C-diff strain recorded in 12 infected hospitals between 2003 and 2004. The United Kingdom experienced a leap in C-diff related deaths by 28 percent,

totaling to more than 8,000 fatal cases according to the nation's Department of Health.

An infection mainly acquired in hospital and nursing home facilities, C-diff is becoming increasingly infectious to younger populations, though individuals over 65 face a greater risk of acquiring severe infection as well as elevated death rates. With about 25 percent of patients experiencing relapse within two months after their first infection, C-diff infections are among the most difficult to treat.

To prevent the spread of spores, Janis Bartel, infection control practitioner at Loyola University Chicago Stritch School of Medicine, said that medical staff take contact isolation precautions which include wearing gloves and gowns when handling infected patients. Ad-

ditionally, health care workers are encouraged to wash their hands using soap and water rather than just alcoholic sanitizer.

Alarming resistant to cleaning agents and alcohol disinfectants, eradication of spores has become a challenge in hospital environments. Infectious spores are thus spread effortlessly through the hands of healthcare workers, transmitting the disease to patients with increased susceptibility.

Of the many bacteria thriving in the body's intestines, C-diff, considered "bad" bacteria, is found in healthy and ill people alike. When not administered antibiotics, millions of "good" bacteria help the body fight illnesses, reducing the presence of infectious bacteria and keeping their populations under control. According to Bartel, the

overuse and misuse of antibiotics on patients makes them more susceptible to infection. When antibiotic treatment suppresses many of the beneficial bacterial colonies, there is a risk of C-diff overpopulation. The malignant bacteria emit toxins affecting the body, causing infected individuals to experience irritating symptoms.

"When a patient is in the hospital getting antibiotics for some type of infection, one of the potential complications is that the normal bacteria that live in the colon are disturbed with that antibiotic," Johnson said, pointing out that susceptibility to C-diff infections arise thereafter. "The great majority of cases occur in people who have recently used antibiotics."

Tough spores formed when C-diff is not properly dividing can

be difficult to kill as they cling to surfaces for months, even years. According to Johnson, the use of antibiotics may be effective against C-diff's growing form — not to its spores, however. "If there are spores they can sit around like stealth bombs," Johnson said. "Once the antibiotic is gone these spores can germinate again and spread their toxins."

According to Gerding and Johnson, who have been studying the bacteria since 1980, C-diff has grown increasingly immune to antibiotic treatment over the years. Although treatable, its appearance as a stronger, virulent strain has been a cause of alarm in the medical community.

"C-diff is now a major challenge to infection practitioners, physicians and nurses," Bartel said.