Alumni Editors Note:

by Faizal Chaudhury

Thanks to all our Alumni for their response to our alumni questionnaire. The Alumni Notes section provides a list of alumni who responded to our survey, as well as describes briefly each persons activities. The purpose of this section is to establish a sense of history and to give recognition to the outstanding achievements of our alumni. Over time we hope that the alumni will feed back information to us so that we can update our files. Any information will be much appreciated. To wrap up this section, is a feature article about Gary Klopfenstein, an IWU graduate, and his company--GK Capital Management Inc.

In closing I would like to apologize for those responses from our alumni that could not be published in this issue. Even as this issue goes to the press, we still have some responses trickling in. Hopefully we will be able to include those in next year's issue.

Alumni Notes

B. Elwert, '51, is a professor of English at the University of Illinois at Chicago.

Wayne Brown, '60, is the senior Vice President of IAA Trust, which is based in Bloomington, Illinois. He manages the fixed income portion of the Trust’s portfolio which currently has $5 billion under its control.

John W. Scott, '69, is the Vice President of the Federal Reserve Bank of Richmond in Virginia.

Keith Ihlanfeldt, '72, is a professor of Economics at Georgia State University. Dr. Ihlanfeldt has compiled an extremely impressive publication record over the past twelve years with articles appearing in the top publications of the economics profession.

Mary Ann Carter, '87, is working in the banking sector. She is an asset servicing technician for the Federal Deposit Insurance Corporation office at Rosemont, Illinois.

Jane Chadesh, '90, is working as a product manager for Ameritech (formerly Illinois Bell).

Mark Israel, '91, who was working as an economist for State Farm Insurance has joined the Division of Business and Economics faculty at Illinois Wesleyan University, but will be attending Stanford University in the fall to get a MBA.

Yuet Wei Wan, '93, works for CF First Boston Bank as an investment banking analyst and plans on entering an MBA program in the fall.

Barbara Kube, '94, is currently attending law school at the University of Illinois Urbana/Champaign.

Lisa Kumazawa, '94, is finishing up her masters degree in Economics at Illinois State University.

Heidi Munson, '94, is also in the process of finishing her masters degree at Illinois State.

Franklin N. Nnebe, '94, when we last heard from him, he was attending Kings College under Oxford University to obtain his masters degree in Economics.
Maxmilliano Proano, '94, is pursuing a masters in business administration from Carnegie Mellon University. Before coming to Wesleyan, Max had worked for several years at a bank in Ecuador.

Rawla Bharat, '94, has just been accepted into the MBA program at the University of North Carolina at Chapel Hill.

Ossi Saarinen, '94, is finishing up a one year mandatory term of service with the Finnish army. He is hoping to return to the United States to obtain his Ph.D. in Economics.

**GK Capital Management**

by Ashley Wickrema

The 24 hour, global foreign exchange market traded $623 billion dollars a day in 1992. With the increasing liberalization of trade barriers worldwide and the ensuing growth, these markets represent both an opportunity and risk to investment, banking, and corporate professionals. Corporate treasurers and investment professionals need to actively manage their exposure to the volatile currency movements in order to avoid substantially reducing profits and yields due to adverse movements in the currency market. The necessity of having a foreign exchange strategy has promoted money managers who specialize in currency only programs.

It is definitely surprising to find that one of the world's largest and longest established independent foreign exchange money managers, GK Capital, is in downtown Bloomington.

GK Capital is a pioneer in the foreign exchange markets and is a world leader in applying quantitative analysis in money management. The company develops its own investment technology and market analysis techniques using statistical analytical methods from mathematics, physics, and even engineering. Using this expertise, GK has been able to successfully manage assets of about $5.5 billion, no easy feat considering the extreme volatility in the currency markets.

Typically, GK manages a portfolio of the currency pairs based on the US dollar (British pound, German mark, Swiss franc, Japanese yen), non-dollar cross rates (mark/yen, mark/peseta, etc.), and other minor European currencies. The currencies of developing and emerging nations in Asia (Thai baht, Indonesian rupiah, etc.) are increasingly becoming an important component of their global portfolio. With GK's increasing sophistication in market analysis it has moved in the direction of the "exotic" currencies, like the Australian dollar/Japanese yen cross rates and other volatile currencies.

GK also provides performance enhancement programs, which generate either fixed or incremental returns on cash or debt instruments above a given benchmark. The company's currency overlay and hedging program is based on managing foreign exchange risk across a portfolio of international stocks and fixed income instruments. GK's main clients include banks, pension funds, corporations, investment managers, and securities houses.

GK Capital Management was formed by the owner and President Gary Klopfenstein. Mr. Klopfenstein is a Wesleyan Alumnus who graduated with a degree in business administration.

When he was 19, he became president of his family's multi-million dollar feed and grain business and began his active trading career. Mr. Klopfenstein became interested in the risk
management component of the commodity futures market, and when the chance arose he decided to sell the feed and grain business and trade on the financial markets. His trading and hedging experience benefitted him as he researched and developed systems to analyze market movements and provide sophisticated risk management techniques. Initially, he traded his own capital on the market and was extremely successful. He later had the opportunity to manage third party funds, and subsequently formed GK Capital Management in 1986. From then GK Capital posted steady gains and soon ranked at the top of currency trading firms.

Currently, GK has offices in New York, Houston, Dubai, and Kuala Lumpur. However, the nerve center of operations is located in downtown Bloomington in the CII East building, where 5 employees (and Mr. Klopfenstein) research, develop, and test quantitative analysis techniques in relation to the market. Among this select group is Colin Fitzgerald, another alumnus of Wesleyan.

With all his success, Mr. Klopfenstein has not forgotten his roots. GK Capital has a consistent policy of internng Wesleyan students every semester, introducing them to the foreign exchange markets, and allowing them to gain experience in these complex markets.

Interview with Dr. Chapman
by Anne Peterson

Dr. Margaret Chapman, Dr. Arun Elhance, and Dr. John Wenum collaborated their skills and talents to create a book entitled Mitsubishi Motors in Illinois: Global Strategies that explores the economic and political impact of Diamond Star Motors upon the Bloomington/Normal area.

Diamond Star Motors initially began as a joint venture between Mitsubishi Motors Company and Chrysler Corporation. With an amenable incentive package offered from the State of Illinois, Mitsubishi began assembling automobiles. "Mitsubishi's production methods have won Car and Driver magazine awards," commented Dr. Chapman. "They have a reputation of being popular, high quality, and reasonably priced automobiles."

Chapman and Elhance designed and administered several different surveys to both the employees and employers of Diamond Star and began to create a picture of how the company operated in relation to its community.

The results of Wenum's study exposed many of the common political and economic backlashes of Mitsubishi's and Chrysler's joint venture. One of the main criticisms regarding the nature of the state's incentive package to attract Mitsubishi to establish their plant in Central Illinois centered around the use of incentives to attract foreign firms to the state. "They are allowed to compete with a subsidy that is not available to local firms," said Chapman. Moreover, since Mitsubishi has a proclivity to access external suppliers, many critics argued that national suppliers would not be accessed by Mitsubishi because they would ship their native products over from Japan.

This, however, did not emerge as a viable option for the firm because of their reliance on just-in-time (JIT) production methods. They needed suppliers to be close enough to arrange a shipment to arrive at least once a day in order to maintain enough inventory for two shifts. Although the incentive package offered by the Illinois Department of Commerce and Community Affairs was successful at state level, the department was completely restructured by the following election. Illinois
voters apparently felt that the State should not offer incentives to foreigners that could potentially undermine other state industries, and hence there is now a strategic shift from this kind of prospecting.

Chapman and Elhance discovered that Diamond Star’s suppliers are dispersed throughout the Midwest, although this is not what Diamond Star’s own literature suggested. Diamond Star’s existing suppliers are dispersed through Michigan, Indiana, Kentucky, Ohio, and have also indirectly benefited from the Illinois Incentive Package. "They are free riders on the program because they do not contribute anything to the monetary incentive Illinois offered to attract the plant in the first place, and yet have gained new business from the joint venture," said Chapman.

Moreover, the surveys that Elhance and Chapman designed suggest that Diamond Star did not prefer business with Japanese suppliers. One of the other main reasons Mitsubishi has developed a driving reliance on local (within the U.S.) sourcing is due to the depreciation of the U.S. dollar. Importing engines to Bloomington/Normal simply became more expensive.

American suppliers, however, had problems with quality and punctuality with JIT production methods. "American suppliers voluntarily did not renew their contract, as they viewed Mitsubishi's high standards as unreasonable," said Chapman. Consequently, Japanese suppliers were taking away business from American products because of their reliability. American suppliers eventually learned how to meet Mitsubishi’s high quality standards and production times through educational programs taught by Japanese auto suppliers. "It wasn't a case of the Japanese not wanting to use the current supplier base, but that it fell short in many ways," Chapman commented. It was apparent that American suppliers had learned something from their Japanese partners when Mitsubishi began producing two different cars and shifted their supply demands to American suppliers.

The advent of Diamond Star in the community also added another 400-500 new jobs to the Bloomington/Normal area. The labor force, however, is much more dispersed through Central Illinois due to the fairly high priced housing market in Bloomington/Normal. "An interesting finding was that female heads of households were more likely to move to outlying communities, as the value of their time was greater," said Chapman. "They needed to be close to the plant, and chose to live in the outlying towns of Carlock, Heyworth, and Hudson, where the housing is more affordable." Consequently about 50% of the employees of Diamond Star commute into the plant from Central Illinois.

A survey that measured the employees' attitudes towards Diamond Star elicited a variety of responses. "The areas that scored the highest were the advanced levels of technology, quality, and the working relations between natives and Japanese colleagues," Chapman said. "Wages, management, and opportunities for advancement generated mediocre scores".

The community’s perception of Diamond Star seems to have improved with time. "At first there was an unsubstantiated fear that Diamond Star was responsible for the 1988-89 drought because of their excessive use of the city's water supply," Chapman laughed. "That was definitely not the source of the problem." Others were concerned that there would be greater congestion in the schools, but in fact there were not many new students introduced into the school system due to the opening of Diamond Star. "Companies like State Farm have brought more families into the
community and school system by far then Diamond Star," said Chapman.

Chapman, Elhanse, and Wenum found from their research that "Diamond Star was much more open than we expected," said Chapman. They were the only research team to have direct access to the labor force, given a list of auto suppliers. Other teams that wanted to accrue data were forced to use secondary data.

Putting the book together encompassed more than six years of research. Chapman enjoyed conceptualizing and the act of writing the book. "Compiling all the data and reading the scratchy surveys and putting them into spreadsheets left something to be desired," Chapman recalled with a smile.

**History of the Economics Society**

by Elsie Shen

The Economics Society, founded in 1989 by Dr Seeborg and a group of students, is one of the most important academic societies on campus. Instead of making the Economics Society a chapter of the National Omicron Delta Epsilon Honorary Society, they decided to keep the society open to everyone who is interested in economics. It has turned out to be a very wise decision; the society has grown over the past five years and has provided Wesleyan students with great speakers, wonderful field trips, and excellent opportunities to develop communication and leadership skills. Funded by the Economics Department, the Society's main focus is academic. In the past school year, guest speakers enriched students' knowledge in different areas of economics. Dr. Chapman and Dr. Wenum hosted a book discussion; Gary Klopfenstein from GK Capital Management gave an expert's overview of foreign exchange markets; Dr. Perry Dickson talked about "The Economics of Feeding a Hungry World;" Dr. Robert Eckley spoke about "Global Competition and Capital Goods." Besides detailed discussions on topics in economics, the Society has also had some business oriented speeches. Dr. Seeborg and Dr. Coates discussed the actuarial field, which suggested a potential career direction for upper-class society members. David Vance from Caterpillar gave a speech on economic forecasting at Caterpillar, which gave the students an interesting view of how a corporation handles economics issues. The Society also co-sponsored Business Tuesday with the Finance and Risk Management Association on Oct. 31; the featured speaker, Paul Bates of Bates Commodities talked about futures trading in commodities.

The economists at IWU not only extended their learning from textbooks to guest speeches, but also held social functions. The Kick-Off 16" Softball Game at the beginning of fall 1994 and Movie Night featuring Wall Street in January 1995 were two examples of these type of social functions. The Society on April 8th will go on its annual Cabrini Green trip and on April 19th the Omicron Delta Epsilon Initiation Banquet will be held.

The Econ Society has had some wonderful leaders in the past five years. Led by the first President Brian Fleming, the Executive Board 1989 built a solid foundation for Economics Society. Fleming went to law school after graduating from Illinois Wesleyan. Yei Wei Wang, the third president of the Society, is a native of Malaysia. She has been working as an investment banking analyst at CS First Boston in New York; she is also currently planning on entering an MBA program at one of the top business schools. Barbara Kube, the fourth president, inherited the tradition from the first president and is going to law
school.

When most companies are facing glass ceilings in their top management, the Economics Society at Illinois Wesleyan is a truly diversified one. We have had three female presidents in the past and one of them was an Asian. Our fifth president, Kim Hanratty, the first non-Economics major president in history, has done a great job. During an interview with Kim, she said her executives have been very responsible and helpful. Kim is also planning on going to law school. With the upcoming election on March 22, we are waiting to see another Executive Board and another good year for the Economics Society.

An Explanation of Research Honors

by David Rudd

College presents the student with a structured academic environment that often consists of formal classes, directed assignments, and objective courses. Though the student accomplishes these independently, most parameters of college studies are tightly controlled by faculty and the university. Consequently, the student rarely has the opportunity to engage in self-structured yet disciplined research over which he or she maintains a degree of concomitant control.

However, the university offers one program in particular, entitled Research Honors, that gives the student the opportunity to undertake an independent research project with considerable latitude in scope and determination of topic. Specifically, Research Honors is a special university program designed to give qualified students the chance to conduct research. Students are allowed to select research topics in a variety of majors and spend their semester researching and writing reports. There are no scheduled classes; it is up to the student to plan meetings with faculty advisors for assistance with the project.

But before everyone runs out and signs up for this full-credit course that does not meet regularly, certain qualifications need to have been met before the student can participate in the program. Students must have a GPA of 3.5 in their major and an overall GPA of 3.25. Having met these qualifications, any student regardless of major may begin Research Honors.

In one major at least, the faculty have witnessed a tremendous increase in the popularity of Research Honors. Over the past four years, Economic majors have been the most represented major in this campus-wide program. Consistently, 50% of senior economics majors have undertaken the Research Honors program. This year is no exception, as 12 of 21 economics majors have begun this type of project.

Why then is Research Honors such a prevalent phenomenon in the Economics Department? Dr. Michael Seeborg, chair of the Economics Department, believes that the major lends itself to Research Honors. “The Senior Project course that all senior economics majors must take,” reasons Seeborg, “really exposes the student to this type of research, and upon completion, the student enjoys a great deal of satisfaction that encourages him or her to do a Research Honors project.”

“Another reason that our majors are well-represented in this program is that we really support our students and are genuinely willing to assist them in this endeavor,” adds Dr. Seeborg. Kara Rocheleau, senior economics and math double major, currently doing a Research Honors project, confirms this. “All
of the economics professors openly encourage the student to do a project and then don’t abandon the student but stand by her and offer guidance when needed.”

Typically, a student decides on a topic for his or her project and then selects a committee of faculty advisors, usually two from the major and one from outside the student’s area of concentration. Weekly meetings and planning sessions are arranged by the student to inform the professors of any progress made, to get assistance, and receive constructive criticism concerning the project. Much of the student’s time is spent researching at the library and reading numerous sources of useful information.

Dr. Seeborg compares it to a dissertation or master’s thesis, though not as rigorous or exhaustive. He says, “It’s a good opportunity to pool together in a single project a lot of what the students have learned in all of their classes.” Research Honors prepares students for life in the real world where the person is given great latitude in completing tasks. In addition, the Research Honors program develops one’s analytical, communicative (both oral and written), leadership, and creative skills, such attributes that are in demand after graduation.

And so, after completing the research and finishing the written report, the student is faced with one more unique aspect of the program. Before officially completing the course, the student must defend his or her project in front of the selected committee. Typically, the committee gathers in a room and the student proceeds to summarize the project. The faculty then asks the student questions in part to determine if the student fully understands the project and is capable of defending it from criticism. Finally, the student is asked to leave the room while the committee deliberates on the efficacy of the project.

If successful, the student earns the distinction of graduating with honors, but if not successful, the student still earns credit toward graduation.

Overall, Dr. Seeborg agrees it is “a very good program. It’s fun to watch young people struggle and learn on the job which is an extraordinarily useful part of the education.” Rocheleau would also agree. “Research Honors with its unstructured atmosphere is good experience for what I hope to be doing in the real world.”

So then, Illinois Wesleyan University’s Research Honors program is more than just another accolade for the student’s resume but also gives confidence to the student as he/she enters life after graduation.

**Senior Report**

by Greg Gallagher

*Baindu Banya* is a double major in Economics and Computer Science from Sierra Leone. She graduated after January-term and currently works in Minnesota. Baindu has plans to pursue a Ph.D. in economics with a specialty in computable general equilibrium models.

*Mehmet Besceli* is an international student from Turkey and is a double major in Economics and Accounting. Future plans include among other things a mandatory stint in the Turkish military.

*Alpna Bhatia* is an international student from India. She is a Student Assistant for the economics department who plans to pursue a Ph.D. in Economics at the University of Colorado.

*Steven Burrows* is an expert on the Major League Baseball industry having finished a
Senior Project on the subject. Steven will attend law school at the Chicago-Kent University.

Brad Comincioli will get married this summer and plans to work in the investment field and then go on for graduate work in the same area.

Brandy Erdman is a double major in Risk and Economics and probably will attend Loyola’s MBA program. Brandy recently got engaged to a Wesleyan Alumnus.

Niveditha Hastak is an international student from India. She has a strong interest in the investment field and wants to pursue graduate work in that area.

Matt Jontry is an economics major who will work in the insurance industry with Country Companies before going to law school. Matt is one of the featured writers in this year’s journal.

Chris Lewis is an Economics and Business double major. His future plans include working at the Board of Trade or the Chicago Fed and eventually obtain an MBA.

Rob Miller is an Economics major who will be seeking employment while staying involved with the military reserves.

Kara Rocheleau is a double major in Math and Economics who will finish her degree program in only three years. Kara plans on working for several years before returning to school to get an MBA.

Dan Scholz is a double major in Economics and Physics who will attend Washington University next fall to pursue an engineering degree and an MBA.

Virginia Shull is a Political Science and Economics double major who will attend the University of Illinois Law School in the fall.

David Taylor is double majoring in Economics and Business. David has a job selling insurance for John Hancock in Bloomington and eventually plans on obtaining an MBA.

Todd Whitmore plans on pursuing a law degree or a combined law/MBA degree.

Joshua Yount is a double major in Political Science and Economics who will attend law school at the University of Chicago in the fall.

Jorge Nimbriotis is an Economics major from Ecuador who will complete his degree next December. He is interested in pursuing graduate work in the finance area. Jorge already has significant work experience in the Ecuadorian banking system.