Alumni Notes

Jackie Hood

Paul Davies, '92, completed his Ph.D. in Economics at the University of Colorado at Boulder in 1996. He is currently a Research Associate in the Center for Economic Analysis at the University of Colorado and is a Research Assistant for the Binational Mexico-U.S. Migration Study of the U.S. Commission on Immigration Reform. He is also an instructor at Front Range Community College. More about his work is on his homepage: http://ucsub.colorado.edu/~daviesp.

Colin Fitzgerald, '92, is managing the Malaysian operation of GK Capital Management.

Thomas Smith, '92, has received his MA in Economics and Public Policy Analysis from the University of Illinois at Chicago and is currently a Ph.D. candidate.

Ron Zimmer, '92, received his MS in Economics and is finishing up his Ph.D. in Public Administration at the University of Kentucky.

Jeff Blend, '93, is a Ph.D. candidate in Agricultural and Resource Economics at Michigan State University, concentrating on environmental issues.

Eric Kirchner, '93, is finishing his thesis for a Masters Degree in Economics at Illinois State University. He is also teaching economics at Heartland Community College here in Bloomington.

Yuet Wei Wan, '93, is now living in Singapore where she works in corporate finance for Goldman Sachs.

Risa Kumazawa, '94, finished her Master's degree in Economics at Illinois State University and is now a Ph.D. student at the University of Texas at Austin.

Heidi Munson, '94, finished her Masters Degree in Economics at Illinois State University last spring and has taken a position as an analyst for CIQ Enterprises in Peoria.

Gnanika Suriarachchi, '94, is a Residential Counselor at the Illinois Math and Science Academy in Aurora, Illinois where she takes on the role of mentor and disciplinarian for 24 girls.

Dan Scholz, '95, plans to complete his MBA and BS in System Science and Mathematical Engineering at Washington University in May 1998. For the past few summers, he has been interning at US Robotics in the new product development department.

Virginia Shull, '95, graduated with a double major in Economics and Political Science and is now attending the University of Illinois Law School.

Junaid Ahmed, '96, has returned to Bangladesh where he is working in the Public Affairs Department of BRAC, one of the largest private national development agencies in the world.

Gwen Alexander, '96, is doing well in her Ph.D. program at the University of Maryland. There, she is concentrating on the International Development aspect of economics.
Susan Brown, '96, is attending SIU-Edwardsville part-time for her MBA while working at Canadian-based Philip Environmental, Inc. There she does market research related to a variety of environmental services for automotive and mining companies, among others.

Jeff Burke, '96, holds a graduate assistantship as he works on a Masters Degree in Economics at Illinois State University.

Diana Imaka, '96, holds a position with the Latvian Privatization Agency working with foreign investors interested in purchasing state-owned enterprises.

Greg Jansen, '96, is pursuing his law degree at the University of Minnesota.

Kimberly Nelson, '96, has taken a position as an administration consultant with Hewitt Associates, the largest benefit / compensation consulting firm in the Chicago area.

Ming Sun Wan, '96, is in New York, working for a Malaysian securities firm selling Malaysian securities to institutional investors--mutual funds specializing in emerging markets.

1995, Jesse received his current position last April after interviewing with five managers of the facility. As a “Team Developer,” Jesse supervises a team of thirteen employees and attempts “to develop highly effective work teams” and to “ensure [his] work force has the necessary technical skills and demonstrates effective team dynamics / behaviors to run an efficient day to day operation.” Although such a job may sound simple, Jesse stresses that it is extremely difficult to maintain 100% efficiency with your machines and, most importantly, your labor.

Jesse firmly believes that his work experience has been tremendously helpful by allowing him to use management skills in numerous difficult situations. Furthermore, he feels that the skills he learned as an Economics major allowed him to be sufficiently prepared for his current job. These skills include the “ability to express and present complex ideas” and “the ability to analyze problems and situations effectively.”

Moreover, Jesse expresses the importance of writing skills. He says that courses such as Senior Project have enabled him to effectively write important daily memos, team assessment analyses, and a skills certification program for all of the employees. Without developed writing skills, the supervisors and operators would not understand the skills certification programs and the entire process would fail.

As far as the Economics curriculum is concerned, Jesse believes that there must be a more intense focus on the use of technology and the vast information resource that the Internet provides. He states, “For Economics majors to be truly effective, competitive, and valued by the job market and academia, they will need to have the best understanding of what current technology has to offer.” However, this is not to say that the entire curriculum should be based on the technology available. He believes that the focus should never change from the core of the curriculum: teaching the ability to think. He asks, “What
good is the information on the Internet if you can’t think about it or analyze it properly?"

In his future plans, Jesse will be returning to school next spring to pick up his Masters in Business Administration. He hopes it will set him up for a significant advancement within Tenneco. If not, he has thought about pursuing a career in operations consulting or human resources. Although he never imagined himself working in the manufacturing discipline, Jesse says, “At this point, I really couldn’t be happier as far as my career is concerned.”

Jesse Boyle is just another example of the success an individual can have with a degree in Economics from Illinois Wesleyan.

Interview with Bill Takahashi: Student of Many Disciplines

Steve Krull

As a double major in Economics and Political Science, Bill Takahashi found success throughout his Wesleyan years. He received honors for his research on cultural wage differentials last spring. Drawing on his past performance, Bill is determined to earn a law degree at Boston University. Furthermore, he may be able to pick up an MBA degree along the way. To do so, he would have to stay only one extra semester.

Bill states that a degree in Economics from IWU has clearly been very beneficial to his law school experience. He explains, “Economics is a fantastic background for law school. Recently there has been a movement in the law to analyze legal questions using economic tools. Many judges and schools now spend considerable time teaching and applying these economic principles.” A good example of this involves whether a law will provide individuals and institutions with incentives to behave at optimal levels. This question is largely based on economics, yet it is also one that the law grapples with on a daily basis.

Bill says that a typical day in law school is very similar to one at IWU. Although it may seem boring, Bill enjoys what he is studying and that makes all the difference in the world. As one might expect, he spends the majority of his time at classes and studying in the library. However, he does have enough time to spend evenings with his wife, whom he married shortly after graduation from IWU.

Bill believes that any Economics major who enjoys classes in economic theory will also enjoy many aspects of law school. As for plans after school, Bill plans to practice either anti-trust or securities law. Both of these disciplines involve a great deal of economics.

Bill Takahashi’s experience is just another example of the wide range of post-graduate opportunities a degree from Illinois Wesleyan provides.

The Graduating Class

Jennifer Van Dyke

Dave Antolik--Dave is currently in the interviewing process. He would like to work for an investment banking firm. He has an additional major in Risk Management. His most memorable moment at IWU was when he walked over to the Economics house to finally hand in his senior project. He is from Brighton, Illinois.

Yahya Serhan Arcan--Serhan is from Istanbul, Turkey. He will begin working for Coopers & Lybrand following graduation.

Leslie Ayers--Leslie has an additional major in Accounting. She is from Monticello, Illinois. She will have a position in information systems
with State Farm after graduation.

Michael Cornstubble—Michael is from Joliet, Illinois. He has an additional major in Business Administration and a minor in Spanish. He is currently in the interviewing process. He would like to get a job in the field of business and in a few years earn his MBA.

Dimitrios Dadakas—Dimitrios’ future plans include enrolling into graduate school to obtain his masters and doctorate in environmental economics. He was inspired by Dr. Leekley’s environmental economics course. He has a minor in Math, and he is from Thessaloniki, Greece.

Michael Gentile—Michael is going to work for Hilton Corporation in Los Angeles, California. He was inspired most by Dr. Chapman who told him to relax and not worry so much. He is from Orland Park, Illinois.

Jennifer Heskett—Jennifer has an additional major in International Studies and a minor in Music. She is from Gurnee, Illinois. She has been most inspired by Dr. Seeborg, who didn’t see anything wrong with squeezing an Economics major into one year. She has also been inspired by Dr. Lowry, who “has economics nailed to the wall.” She hopes to begin her career working for a business management or information systems consulting firm.

Garry Kachkovsky—Garry is from Mundelein, Illinois. He has an additional major in Russian. His most memorable undergraduate experience was traveling abroad twice in the four years. His plans for the future include moving to Phoenix, Arizona, and working for a brokerage house.

Laura Lutz—Laura is currently undergoing the interview process. She has an additional major in Business Administration and finds the positions of a business or financial analyst the most appealing. In the future she would like to get involved in international work and continue her education. She is from Tinley Park, Illinois.

Sharad Malhotra—Sharad will be working in Houston for Enron, an energy company, after graduation. There he will be working in their merchant banking division as a financial analyst. He has an additional major in Business Administration. He is from New Delhi, India.

Matthew Mikulcik—Matt is from Bolingbrook, Illinois. He has an additional major in Risk Management and a minor in Math. His future plans include getting married, finding an enjoyable job, and “living happily ever after.”

Ronald Lee Poehlman, Jr.—Lee is from Washington, Illinois and has an additional major in Music. Having graduated in December, he works as a systems administrator for GTE.

Brett Roush—Brett is going to be working as an actuarial student with Trustmark Insurance Company in Lake Forest, Illinois. He will be working towards his fellowship designation. He has minors in Math and Risk Management. His most memorable moment at IWU was organizing the jump to save the planet.

Guerric Russell—Guerric is from Beijing, China. His future plans include going to law school, where he would like to get a JD with a concentration in international law. He has minors in Japanese and French. His most memorable moment at IWU occurred his freshman year when he participated in a snowball fight on the quad.

Ashish Vohra—Ashish has an additional major
in Business Administration and a minor in Math. His most memorable moment was during his freshman year when he participated in that snowball fight on the quad. His future plans include “succeeding at the rat race.” He is from New Dehli, India.

Interview with Dr. Seeborg

Missy Arms

Many members of the economics community at Wesleyan were aware of an absence in the instructing staff during the spring of 1996. During this time, Dr. Michael Seeborg placed his classroom duties on hold and went on sabbatical. Although for some people the word “sabbatical” might conjure up images of professors traipsing through remote jungles, this is far from its true intent. Dr. Seeborg believes that the purpose of the sabbatical is to “take a step back . . . receive some more training, . . . and do the things that recharge your battery.” Although he admits he did do some traveling during a previous sabbatical he took while teaching at Ball State, Dr. Seeborg used the time this fall to work here at IWU on several research papers he has in progress.

Citing labor economics as his main research interest--more specifically, human resource economics--Dr. Seeborg says he has “always been interested in the problems of the economically disadvantaged.” He clearly presents this interest in his current research.

Studying what he calls “the economics of growing up,” a majority of Dr. Seeborg’s research uses data from the National Longitudinal Survey of Youth (NLSY). This study was first conducted in 1979 on 12,800 youth whom the study has re-interviewed every year since. An “incredibly rich data base,” the study tracks the youth as they make the transition into adulthood and considers a wide range of factors including lifestyle choices, educational and career decisions, and family background.

One such study was recently published and co-written with Wesleyan alumna Risa Kumazawa ('94). It assesses the effect of teenage parenthood on educational attainment. Using the NLSY, Seeborg and Kumazawa could follow a large sample of teenage mothers to see how parenthood at such a young age affected their educational attainment compared with their peers who were not young mothers. According to Seeborg, “often the argument is that having a baby as a teenager is disabling and restricts educational and career choices.” However, Seeborg and Kumazawa found that the effect actually depended on the socioeconomic background of the young mother. The young mothers from disadvantaged backgrounds have educational attainment similar to that of their peers, who often drop out regardless of their motherhood status. Therefore the effect of the pregnancy itself is not large. On the other hand, “the effect of motherhood on young women from more advantaged backgrounds was greater, often costing them one to two years of schooling.”

Seeborg has completed a second paper, also co-written with an IWU graduate. This paper, with Mark Israel ('91), evaluates data from a sample of poor children living at home in 1979 to determine what factors would draw them out of poverty and into a higher standard of living. The foundation argument is that background and early decisions (such as young motherhood) matter, playing a significant role in determining the young person’s future standard of living. One of the most interesting aspects of this study is that it integrates the research methods of both economics and sociology. Specifically, Seeborg not only considers the direct effect that certain variables have on the future standard of living but also the indirect effects.
of intervening variables. Concerning young motherhood, these intervening variables could take the form of decisions such as early marriage or low educational attainment that in turn influence the standard of living. According to Seeborg, “if you don’t look at indirect effects, then you truly don’t know the impact of background decisions on the future standard of living.”

In a current research effort, Seeborg is examining young immigrants brought by their parents to the United States to find out how important “ethnic capital” is on their eventual economic success. Seeborg defines ethnic capital as the “overall level of human capital that various ethnic groups in the United States achieve.” As members in the sample completed part of their schooling abroad and part of it here, the study seeks to evaluate the influence that the ethnic group that the immigrant joins in the U.S. has on future educational attainment. Seeborg hypothesizes that the greater the ethnic capital of the group is, the greater the economic performance of the respondent (immigrant) will be. Although he admits the study still needs a lot of work, Seeborg’s initial results show that even after controlling for age, experience, and language skills, ethnic capital proves to be crucial to the success of the young immigrant. “There seems to be an external effect that comes from members of the group . . . the cultural emphasis on education, independent of other choices, is very important.”

In another project, not related to the NLSY, Seeborg is working in accord with two other professors to study the importance of the emerging “floating population” in China. Seeborg states that, “as markets become freer, it is easier for people to move from rural into urban areas . . . and to work under contracts with firms.” Estimating the floating population at 100 million people currently, Seeborg is researching what institutional changes have caused the emergence of this population and what implications it has for the rapidly changing Chinese economy.

Although Seeborg remarks he still has quite a bit of work to do on some projects, new possibilities for research continuously present themselves. Nonetheless, the Economics department of IWU was pleased to see him back in the fall of 1996.

Economics Outside the Classroom

Jaynanne Calaway

I. INTRODUCTION

Each year, Illinois Wesleyan’s Economics Society, in conjunction with its faculty, brings special guests to campus to address practical applications of economics. The Economics Department recognizes the need to relate classroom material to every-day activities in business and government. This fall, some of the distinguished guests included Dr. David Vance, chief economist for Caterpillar, Illinois State Representative Bill Brady, and Bloomington Alderman Mike Matejka.

II. CORPORATE USE OF ECONOMIC FORECASTING & A LOOK AT THE CPI

With an undergraduate degree in political science from MIT and a Ph.D. from Notre Dame in economics, David Vance is the chief economist for Caterpillar’s Business Intelligence Group, an internal consulting firm which renders marketing research, competitive analysis, and business information services. Caterpillar is a multinational corporation (MNC) specializing in the production of earth-moving machinery and employing around 54,000 people, with revenues of $16 billion in 1995 and profits around $1 billion. In 1995,
52% of Caterpillar's sales occurred outside the United States, and Caterpillar has marketing organizations in virtually every country in the world.

The most intriguing aspect of Dr. Vance's talk was his denunciation of the current system of calculating the Consumer Price Index (CPI). He contended that the CPI overstates the rate of inflation by up to 2%, which a congressional advisory panel validated on December 4, 1996. This holds massive implications for our economy. Because the CPI is used to determine social security benefits, government pensions, cost-of-living raises, and welfare eligibility, an artificially inflated CPI translates into a perennial stimulation of aggregate demand. This, in turn, precipitates demand-pull inflation year after year. As a result, the Federal Reserve would attempt to fight inflation that does not exist. The coexistence of expansionary fiscal policy with contractionary monetary policy—both being unwarranted—would artificially force up interest rates while leaving aggregate income and output steady, rechanneling expenditures from investment to consumption. This situation does not bode well for the future.

III. THE PRE-ELECTION POLICY DEBATE: THE REPUBLICAN PROPOSAL

Bill Brady, a Republican Representative, in the State legislature, commenced the second session of the year, the election policy debate, by setting out how the Dole / Kemp economic plan would resolve what he feels is the most important economic and political issue—the national debt. Brady explained how each newborn child is born carrying $20,000 dollars in national debt. For the past three years under the stewardship of President Clinton, the economy has grown at an "anemic" 2.4% per year, a whole percent lower than the average recovery rate since World War II. According to Brady, this has led to falling income, shrinking wages, increased poverty, and a historically high number of bankruptcies. He rationalized Dole's plans to cut taxes, balance the budget, provide state tax relief—all of which are targeted to achieve a 3.5% growth rate per year, which would double median family income if maintained for a generation.

The major issue of the campaign was the 15 percent, across-the-board tax cut. Brady's argument that the cut would spur economic growth stems from Reagan's idea of supply-side economics. They claim that creating incentives for individuals and firms to increase productivity will shift the aggregate supply curve out, having an indirect effect on increasing aggregate demand. At this point in the dialogue, Mike Matejka, Bloomington Alderman and Editor of the McLean / Livingston County Labor News, jumped in and countered that as a result of the tax cut, there would need to be more local taxes to make up for federal program cuts. Furthermore, there would be job cuts, leading to crime and taxpayers paying even more. The wealthy are the real winners and there is no guarantee the U.S. would see increased investment because of foreign leakages. Brady responded that he has more faith in the American citizen. Perhaps Brady has a bit too much faith in his fellow Americans as well as too much optimism in supply-side economics.

Over six years, the Dole plan proposed cutting taxes by $548 billion, leading to a possible growth dividend of $147 billion. Yet, his proposed spending cuts amount to approximately $217 billion. Thus, the national debt would grow by $184 billion. When the national debt increases, the government sells bonds. This increases competition for savings, raising interest rates. High interest rates lead to decreased borrowing for investment, including business fixed investment such as the machinery Caterpillar sells, residential investment, and inventories. These investment fluctuations correspond with a slow economy.
IV. AN INTERESTING COUNTER BY MIKE MATEJKA

Mr. Matejka kicked off his commentary on the national debt by asserting that the deficit is not always bad. This certainly perked all ears. He alleged that it depends on for what we are in debt—a basic the-ends-justify-the-means argument. Dole proposed cutting spending in areas such as student lunches and education subsidies—all justified reasons for going into debt in Matejka’s eyes. On the other hand, he views national defense as a deficient excuse for debt. Basically, Matejka’s underlying message was a defense of bureaucracy, remarking that it “reflects us and ensures safety.”

Regarding government bureaucracy, we need to consider the government’s very difficult job in balancing efficiency and equity in decision-making. Yes, perhaps the military reserves need not be as large. Yet, let us not forget that our national defense provides Americans with a sense of security, promoting trust in our government. People’s perceptions are integral to how both an economy and a democracy work. From the banking industry to police enforcement, the American system is founded on faith and public opinion. On the other hand, a large bureaucracy casts shadows on transparency, such as the ready access to ascertain exactly where tax revenues are going. This weakens our trust in the government, whose stability is imperative to a healthy economy.

V. A CONTINUED CORPORATE PERSPECTIVE: THE ELECTION DEBATE

Though Dr. Vance was not present at the debate between Republican Bill Brady and Democrat Mike Matejka, one can imagine his response based on his presentation regarding the economic policy debate of the 1996 Presidential campaign. He first emphasized the reality that there would be very little impact on the economy if Clinton were re-elected (which, of course, he was). However, Vance was on campus in October and thus speculated on the effects if Dole did happen to win.

Vance’s vantage point provided another dimension to the argument against the Republican plan. He pointed out cutting taxes raises disposable income and consumption, leading to a higher interest rate. The economy grows too fast, prices rise, and the Fed (or Alan Greenspan) will raise short-term interest rates. Because of the corresponding government budget deficit, the bond market will raise long-term interest rates. Therefore, cutting taxes will not foster growth because the Fed will stop it in order to fight inflation, the leading economic indicator they seem to monitor the most closely.

This analysis is important to Caterpillar, for interest rates directly affect a large capital based corporation such as Caterpillar. Capital goods companies suffer under higher interest rates. The cost of taking out a loan on capital goods goes up, making people less likely to invest. Overall, whether one looks at the 15% tax cut from the angle that the Fed will not allow the economy to grow too quickly anyway or from the argument presented earlier—that it would lead to investment fluctuations and thus a slowed economy—Dole’s tax plan appears to have been a political ploy and only that. He did not take into account the possibility that voters are forward-looking.

VI. CONCLUSION

Overall, from Dr. Vance to the Presidential campaign debate, the co-curricular opportunities offered this semester were informative, engaging, and worthwhile to any person—whether an economics major or not. There were also many other notable speakers who spoke on the banking industry, the insurance arena, and other topics relating to
the discipline of economics. People often ask if a degree in economics is really practical. If you want an answer to this question first-hand, attend one of the Economic Society’s events on Wednesday nights, where one learns just how important the understanding of all different aspects of economics truly is to the effective maintenance and improvement of this world.

**FOOTNOTES**

1. The panel determined the inflationary overstatement to be 1.1%.

2. Some leading economists have arrived at this figure.

3. Another way to look at this is that the opportunity cost of owning capital goes up, for the money spent on capital could be earning interest in a bank.