Volunteer Income Tax Assistance at SSSB
by Isaac Galena

On February 22, The Sy Syms School of Business took a big step forward in strengthening their relationship with the people of the Washington Heights community. The initiation of the Volunteer Income Tax Assistance Program, known as VITA, on the Yeshiva University Campus, has created a "win-win" situation for the students of Sy Syms and the residents of Washington Heights. The VITA program is a national program funded by the Internal Revenue Service that establishes volunteer community tax assistance centers throughout the country. This is the first year the program has been offered on the Yeshiva University campus, and from the perspective of the college and the community it is an unquestionable success.

Much of the program's success is due to the efforts of Harold Willig, SSSB '98. Willig, an accounting major, is the head of the VITA program at YU, serving as both site coordinator and publicity director. Says Willig, "VITA opens up an opportunity for accounting students to get real world experience, while at the same time it provides a much-needed service to the community. Although some Sy Syms students have participated in the past, never before has the VITA program been on campus.

The VITA program has certainly helped those who need help the most. Many non-English speaking families, with limited to moderate income, have walked through the doors of Belfer Hall, where the program takes place every Tuesday and Sunday.

Linda Chambers, one of the major VITA marketing heads of the Outreach Board of the Taxpayer Department for the IRS says, "YU is in one of the most important locations. The VITA program is something the people of the Washington Heights community can really take advantage of." Chambers, who visits each of the 300 VITA sites in the New York City area, praised the University's and students' professionalism, support and participation.

The VITA program works as follows: Community residents enter Belfer Hall bringing any financial documents they possess. A volunteer sorts and searches for the relevant documents. "People have brought in the weirdest things," says volunteer Tzvi Shapiro. "Many of the people have little understanding of the tax process." Each volunteer then goes through a series of questions to analyze whether the participant is able to qualify for certain lower income credits. They are presented with a W2 form and the student volunteer fills out the 10-40 tax document for the participant. After each volunteer finishes the tax form, major supervisors review the work for accuracy.

Moishe Blitzer has played an intrinsic part to the supervising of the entire program. "Many people do not speak a word of English, so at times we are talking with hand signals and sign language. The people who have come in for help have been extremely overjoyed and ecstatic at the program. For many of them it is their first time actually having any sort of connection with the University and are greatly impressed by the professionalism of the students and of the University."

In order to become a volunteer in VITA, students were required to take courses in Federal and New York State taxes. Each member also had to pass a standardized IRS exam in order to participate. Despite these requirements, the student turnout was overwhelming. Says Chambers, "The students at YU are top notch and very professional." Having over 50 volunteers enabled the shifts to be conveniently chosen and easily scheduled.

The VITA program was highly publicized throughout Washington Heights. Besides the numerous posters and flyers on several store front windows, the VITA program was also publicized throughout Washington Heights. The VITA program was also publicized through public service announcements on the radio. The Internet is the source that more students at Yeshiva University slowly make their way home in February.

continued on page 3
From the Editor's Desk

Many people have probably speculated as to what the status of this newspaper is after certain rumors have occurred along with their respective printed coverage. Support of these claims come in the form of alleged financial trouble and a lack of staff. For anyone who still believes in these rumors, this paper should set things straight. This paper is as much a testament of the Sy Syms experience as any class or club. The show will go on. That being said, I'd like to thank Jeffrey Gamss and Mitchell Rich for their invaluable help in getting this paper out while they were part of the staff. I'd also like to thank the new members of my staff for aiding me in my time of need; your assistance couldn't have come at a better time. In addition, I'd like to finally thank SSSBSA President Simcha Gissinger and the various Deans for their advice and assistance, as well as The Commentator for the use of their office and resources. All this aside, I'd like to take time to truly address my readers. As this paper has thus far succeeded in its goal of becoming a monthly publication, there is much more that can and has been done. Note that a special election coverage pamphlet was published for the student body to inform them of the SSSBSA candidates' platforms while the production of this paper was being completed. What would be of great value to me would be feedback from you, the students, the alumni, the faculty and the administration. How are we doing? Is there something you would like to see more of? Less off? To me, this is the most important part of my production schedule—the results, the reactions. Feel free to give your comments and reactions, through email or in the addresses shown at the end of the paper. Thanks for staying with us, keep reading, and have a happy Passover!

Sincerely,

Vair Oppenheim
Editor-in-Chief

EXCHANGE

Yair Oppenheim
Editor-in-Chief

Daniel A. Berkowitz
Layout Editor

David Knoll
Joseph Weilgus
Susan Wohlgelernter
Managing Editors

Joshua Swedarsky
Associate Layout Editor

Ilan Scharf
Executive Editor

Shmuel Cahn
David Anziska
Feature Editors

Jeff Taub
Copy Editor

Avi Goldin
Jason Pariser
Associate News Editors

Professor Aaron Brown
Faculty Columnist

Joel Medetsky
Business Manager

Lisa Watson
Aviella Yasar
Associate Business Managers

Isaac Galena
Michael Gewirtz
David Rappaport
Jonathan Tellerbaum
Staff Writers

Etan Walls
Photography

Dean's Message

This year is turning out to be the most exciting year in Sy Syms School of Business history. There are many areas we can be proud of including record enrollments, curriculum additions, our placement record and our dedicated faculty and staff. However, this year in particular, we can be especially proud of our student body.

Our students this year were particularly active in making the school a better place. Student leaders of various Sy Syms School of Business organizations helped generate the excitement and the students themselves helped make this a banner year. When I think of all the effort students expended in developing the Senior Awards Dinner, I marvel at their initiative and leadership ability.

As the year draws to a close, I want to particularly congratulate our seniors who will be graduating shortly. These young men and women will now join the ranks of a particular exclusive organization, the Sy Syms School of Business Alumni Association. I am certain that as they make their way in the world, they will fulfill the mission of the Sy Syms School of Business as leaders in business, industry, society and the Jewish community.

Harold Nierenberg, Ph.D.
Dean

The Exchange would like to wish all students, faculty, and alumni a happy and Kosher Pesach!!!

SSSB Presidents' Messages

It is with great pleasure that I write this letter for yet another edition of The Exchange. I'd like to express much gratitude to Yair Oppenheim for his hard work in publishing this periodical throughout the academic year.

The past few weeks have seen an abundance of activity on campus. We have hosted speakers in the fields of corporate finance, investment banking, institutional sales, credit derivatives research, management consulting, advertising, retail, direct marketing and public relations. The Investment Club has met once again and the Joint Business Society has successfully opened and operated Morg Mart. Among the plans for the Pesach are the Sy Syms Dinner to be held on Monday, May 4th and possibly some more recreational activities for students to enjoy.

As the year slowly winds down, I emphatically urge all of you to look back on this past academic year and think of all of the things that you accomplished, but also of all of the opportunities that you allowed to pass you by. The chance to study in a world renowned university and simultaneously learn from some of the most highly regarded Rabbanim that are alive today is one that you will probably never have again. Take full advantage of it while you can.

Sincerely,

Simcha Gissinger
President, SSSB

On April 1, 1998, the Sy Syms School of Business-Midtown elections for the upcoming school year were held and I am quite upset by them. The elections included the Executive Board as well as the offices for the clubs and societies. Only two offices were contested in the executive board, and with the clubs, no candidates ran opposed and there were even some offices which had no candidates at all.

Do not get me wrong, I am confident that they will do a superb job. What I am bothered by is the lack of interest among the student body. There is so much to gain from getting involved in school. One reason that comes first to everyone's mind is that getting involved or holding an office on the student council looks good on your resume. Let me tell you, from my own experiences, that there is a lot to stay for this. Many of us may not be thinking long term right now, but all SSSB students eventually go on job interviews and experience weight just as heavily, probably even more than one's GPA. There are other great reasons to get involved. It enhances your whole college experience, it gives you more to talk about when you are talking about your school work and it helps you meet new people. SSSB is a relatively small school, but we have a large percentage of capable students which should give us an advantage. Although it is too late to join the upcoming Sy Syms School of Business Student Council, keep in mind that there are plenty of areas to involve oneself in SSSB. Keep your eyes open, take hold of the great opportunities that are right in front of you and by next year's elections, I hope to see more than one person running for each office on the election ballot.

Sincerely,

Cheri Ochs
President, SSSB

Published throughout the year by the Yeshiva College Student Council and the Sy Syms School of Business Student Association. The views expressed in these columns are of the writers alone and do not reflect the opinions of The Exchange, the student body, faculty, or the administration of Yeshiva University.

Copyright 1998
The Exchange
500 West 185th Street
New York, NY 10033

The Exchange is brought to you by the cooperation of the American Marketing Association Chapter at Yeshiva University.
Sachs Delivers Lecture on World Economies

by Kenneth Sicklick

Dr. Jeffrey D. Sachs, director of the Harvard Institute for International Development, spoke on the topic "Fostering the Rule of Law in Transition Economies." Sachs has been a consultant to numerous governments all over the world. He serves as co-chairman of the Advisory Board of the Global Competitiveness Report, and has been a consultant to the IMF, the Organization for Economic Co-operation and Development, and the UN Development Program. While advising the president of Bolivia, Dr. Sachs helped reduce that country's inflation rate from 40,000% to 10%. At the same time, he helped three governments of Argentina, Brazil, Ecuador, and Venezuela on financial reform, and Poland's Solidarity movement on radical economic transformation.

During his lecture, Sachs described a transition economy as a country that is moving from one economic framework to another, such as Russia's move away from communism. Examples of transition economies can be found in Poland and the Czech Republic. The theory, according to Sachs, is that the move from communism to a market economy will be significantly smoother and quicker in countries that are governed by the rule of law.

What exactly is this rule of law? It requires a framework for politics and power such as a constitution that is created, a set of laws clearly and reasonably protecting individuals' basic freedoms. Such one freedom, in fact, is the most important one with regards to becoming a market economy. Sachs labeled this the individual's freedom to write contracts. Rule of law also requires that citizens of the country obey the laws of the government and state governments enforce the laws.

Although it is not clear exactly how a country can best achieve a rule of law, a study of what prevents its existence should certainly shed some light on the situation. If a country has abundant natural resources, it can have a hard time achieving rule of law. Quite simply, the country's leaders, in an attempt to retain control over the resources, whether they be gas or gold, will keep their control by preventing a market economy from taking hold. A country's geography might also prevent an efficient transition into a market economy. Poland, a country with access to water trade routes, is making great strides in its economic development. Such is the case with many countries that have coastal economies, in stark contrast to Poland. Sachs said Russia is having a very hard time economically. This can be attributed to Russia's geographic location, that is to the fact that Russia abuts no major waterways. And, finally, private contracting also seems to accelerate a transition economy's shift towards capitalism.

So, how do we measure a country's rule of law? This, too, is relatively easy. The less corruption in a country, the greater the rule of law. Our goal is to increase the rule of law, because statistical analysis has shown that the greater the rule of law, the greater the growth in GDP. Corruption is measured, according to several Harvard business professors, with the answers to some key questions. Does the country have a lot of bribing? Is there a lot of tax evasion? Is organized crime rampant? Not coincidentally, Russia, statistically, has the second worst numbers in all three of these areas, and it is suffering setback after setback in its economic development and growth. Corruption can also be measured and can also be measured by looking at the size of a country's black market. A survey of businessmen can determine how much income they hide. Sachs said, though, some businesses will lie, so we look to a better measure of black markets. Electricity is a measure of economic activity. When a country has enormous use of electricity and relatively low market economic activity, there is certainly a lot of black market activity. In 1989, Russia's underground market contributed 15% of Russia's economic activity. In 1994, that number shot up to 45%. This is yet another stumbling block that Russia has been dealing with.

According to Sachs, and as proven by numerous examples, the rule of law should be fostered in order to facilitate the shift of economic policy from communism to capitalism. Sachs continued to say, "I expect in the next few years the rule to be much higher," says William Chambers, says, "The strong need for the VITA program in the community will eventually lead to the YU site being the busiest contributor to the VITA program." A

For the first year in its existence VITA in YU has certainly provided the Sy Syms School of Business with two extremely important and valuable assets. First, it has developed a stronger bond between the students and the community that surrounds them. Second, it has provided a location for students to gain hands-on experience and practical work without taking the dread of responsibility. VITA certainly gives you the tax experience that any accounting firm is looking for," says Tzvi Shapiro. Moshe Blits says, ... The students have worked exceptionally well with the community members and each other. Programs like VITA are the future way Sy Syms can better establish itself in the Washington Heights community and in the business world."
DILUTED SHARES - FASB'S NEW RULE
by Joey London

W idel theories abound in the music industry about why the quality of records released has deteriorated so dramatically. Though my theory about this matter is not well documented - it is largely unproven - I have a suspicion that Michael Jackson is to blame for the current state of music quality or lack thereof. For example, recording companies like any individual investor, are risk takers. The record companies must attempt to create a portfolio of artists that will sell at a constant growth rate. They are like a large supercomputer, and you will. Until the 1970's, record companies would sign acts that they believed would sell 500,000 copies (gold record) and then try to promote them to such an extent that they would become overnight success stories. The company would sign 50 of the acts in the hope of selling 25 million copies and by marketing these groups in an easy manner, they would create long term demand for such artists. This is why the Rolling Stones are still going strong. Any preliminary course in marketing will tell you that in order to succeed, this product does nothing but turn off the consumer. This

How Michael Jackson Ruined the Music Industry
by David Rappaport

I s something the record companies knew but forgot when Michael Jackson released Thriller. In financial terms, what happened was that Mr. Jackson convinced senior citizen investors that it was time to change their old investments and buy the remaining 5,000 shares for only $1 a share. He would not have to register the 5,000 shares, and he could sell them for a later time when the stock price would rise. Adam could then pull out these shares and make a great profit by selling them.

While this idea was interesting, it was only quasi-legal and could pose problems for Adam later on. So the snake informed Adam that there was even a better plan, but it would take a lot of work. Seeing dollar signs, Adam listened to every word that the snake told him.

Adam would be able to afford his own computer terminal, he would have his own account, and would not have to worry about market fluctuations. The only problem was that he would not have access to information that the public can access. Adam would have to rely on his own personal computer terminal screen. As a result of this short term in-
It's Probably Not As Bad As You Think It Is!

by Ian D. Scharf

The effects of the collapse of Asian banks is extremely devastating to the Asian economy, especially in South Korea, Indonesia, the Philippines, Malaysia, Thailand, Hong Kong, India, China, and Japan. The crisis is felt all the way up the line, so that the repercussions were felt all the way down to their obligations they had to their creditors all the way up the line, so that the repercussions were felt all the way down. Moreover, the IMF has forced the governments to pick up the tab, if the banks failed. Furthermore, double digit inflation continues to worsen the situation and the serious threat of a local currency devaluation.

The local populations began moving their savings from high risk local banks to those in the U.S. and Hong Kong, more secure foreign banks. For example, in Malaysia between October and December 1997, $3.5 billion was transferred from investors from domestic to foreign banks. The reason for the switch is simple: The foreign banks have newer technology, and provide more modern and sophisticated services. The most important feature of foreign banks is their security. In fact, the foreign banks have been influenced with so much cash that they literally don't know what to do with it. The crisis has benefited US banks by increasing their influence on the local market, but it is due to their more conservative lending practices and aforementioned highly sophisticated risk management systems.

The Asian collapse is also not affecting other areas of American industry as seriously as it has in other parts of the world. The reason for this is that the amount of goods that the U.S. exporting is not as large as most people assume they are. The U.S. economy generally imports cheap products from Asia for domestic consumption. When the cheaper Asian market is combined with the strong dollar, the result is that American purchasing power is stronger in Asia than before the crisis.

The traditional Asian solution of exporting their way out of the recession proved unmanageable for the Asian economies in the wake of the recent crisis. Conventional wisdom dictates that it is not how much one does, but rather how one does it that is the problem. The IMF has forced the governments to pick up the tab, if the banks failed. Furthermore, double digit inflation continues to worsen the situation and the serious threat of a local currency devaluation.

The local populations began moving their savings from high risk local banks to those in the U.S. and Hong Kong, more secure foreign banks. For example, in Malaysia between October and December 1997, $3.5 billion was transferred from investors from domestic to foreign banks. The reason for the switch is simple: The foreign banks have newer technology, and provide more modern and sophisticated services. The most important feature of foreign banks is their security. In fact, the foreign banks have been influenced with so much cash that they literally don't know what to do with it. The crisis has benefited US banks by increasing their influence on the local market, but it is due to their more conservative lending practices and aforementioned highly sophisticated risk management systems.

Commodities Trading

Continued from page 8

Commodity trading is an excellent way to diversify your investments. By diversifying your portfolio, you can reduce your risk and increase your potential for gains. However, it is important to remember that commodity trading involves risks and you should always consult with a financial advisor before making any investment decisions.

There are many different types of commodities that you can trade, such as gold, silver, and oil. Each type of commodity has its own unique characteristics and risks. It is important to understand the risks involved in trading each type of commodity before you make any investment decisions.

Before you start trading commodities, you should make sure that you understand the basics of commodity trading. This includes understanding how commodity prices are determined, how to read commodity price charts, and how to execute trades.

In addition to understanding the basics of commodity trading, it is important to have a solid financial plan in place. This includes setting realistic financial goals, determining your risk tolerance, and establishing a disciplined trading plan.

Another important consideration when trading commodities is the effect of market conditions. The prices of commodities are affected by a variety of factors, such as supply and demand, geopolitical events, and economic data.

It is important to keep in mind that commodity trading is not for everyone. As with any investment, there is always the potential for loss. It is important to have a solid understanding of the risks involved in commodity trading and to consult with a financial advisor before making any investment decisions.
All students are cordially invited to attend the

Sy Syms School of Business
Annual Student Dinner
Monday May 4, 1998
Manhattan Center
The Grand Ballroom
6:00 PM

For Information and Reservations
Please Contact:

David Gross
475 185th Street Apt. 6B
(212) 740-4689

Avi Karesh
Rubin Hall 227
(212) 568-2646

Shaindy Kahn
Brookdale Hall 6H
(212) 481-1061

Adina Loberfeld
Brookdale Hall 3E
(212) 447-0042

Or Contact the Office of the Dean of the Sy Syms School of Business
Belfer Hall Room 412 (212) 960-0845

ALL STUDENTS: $25
RESERVATIONS MUST BE RECEIVED BY APRIL 21, 1998
ISRAELI REPORT

Venture Capital in Israel

by Michael Gewirtz

What does a country do when its venture capital scene is still in the developmental stages, and many of its innovative and imaginative ideas are falling by the wayside? Let the government establish a strong venture industry. Such was the plan of the Israeli Government when they founded Yozma Venture Capital Ltd. in January of 1992.

When Yozma began operations in June 1993, the founders set down several goals and objectives which they hoped could be reached. Included among those goals, "To act as a catalyst for international investments in Israel, and to establish the complete environment of a professionally managed, private sector, venture capital industry in Israel." Additionally, Yozma looked for creating an interface between investors in Israel and many of its innovative and imaginative ideas. Israel’s venture capital scene is still well established in the business and, or, a technological partner that finds the company’s technology attractive and would like to secure access to the technology by partial investment. Included in Yozma’s direct investment portfolio are companies like Ligature Ltd., who develop optical character recognition technology, MainControl Inc., a company that markets a product "that will allow users to track the purchases of their downloaded software from their computer after the downloading of a workstation’s life cycle to the end," and Emulex, a firm which develops technologies such as Rapid, that are "proprietary and simulating tools for shortening the development cycle of embedded electronic systems."

In addition to numerous direct investments, Yozma has established nine venture capital funds with a total capitalization exceeding $180 million. In total, the group has invested in more than forty-five different venture funds, many of which "are well on their way to becoming front runners in their field," and have "secure a good reputation for the optimization of Israeli companies." Yozma’s strategy is one of a "laser-like focus that targets Israeli high-tech companies that have an overall return of 30%. That would make the new net assets $3000 (or $15 per share)." The second strategy is to figure out the new net assets. This figure is then divided by the number of shares outstanding to compute the net asset value (NAV), or price per share. As the value of the investments rise, so does the fund’s NAV. Jack and Jill have two basic options: keeping their profits invested in the fund, or taking their profits out of the fund. If they decide to take their profits out of the fund, they will still have earned capital gains of $500 each, minus the commissions, fees, and expenses of the fund.

Mutual Fund Report

by Yehuda Wolf

Every one has heard of mutual funds, but not many people actually know what they are. For those of you who are hesitant to ask, let me tell you. A mutual fund is a company that combines, or pools, investors’ money to purchase securities. The mutual fund should ideally provide diversification to reduce risk and economies of scale to reduce commissions, while enabling you to purchase securities that you know have been researched. This allows for far greater convenience than simply purchasing a number of stocks individually. While this sounds really good, before you rush out and purchase shares in your friendly neighborhood mutual fund, let me warn you that while it has its advantages, it also has its disadvantages. First, let’s look at how mutual funds work, how they are priced, and whether or not a mutual fund is for you.

To find out information about a particular mutual fund one can simply call up the fund company and ask for a prospectus. It contains information such as what the fund invests in, the fund’s past performance, who manages it, its fees, and many other exciting pieces of information. If that isn’t enough, there is also an "SAI," Statement of Additional Information, which the fund must make available to prospective investors. There are also an index of the mutual fund, the fund’s net assets to determine the size of the fund, and the annual report which shows the fund’s overall performance. Other information includes the fund’s management, the fund’s investment objectives, and the fund’s investment strategies.

There are two basic types of mutual funds: load funds and no-load funds. A load fund (or a fund that has a sales charge) can offer more services than a no-load fund, and some funds don’t. For those funds that do have a sales charge, it is added to or subtracted from the price of the fund’s shares. The answer is that load funds sometimes provide a broker’s service and advice, while no-load funds do not provide any of these services. This does not mean that load funds are better. And even no-load funds will still charge a management fee and take reimbursement for operating expenses. There are two types of load funds: front-end and back-end. Front-end loads are paid when buying a fund; by contrast, back-end loads can be no more than 8.5%. Back-end loads are paid when selling a fund; they usually start at 5% or 6% the first year after investing and get smaller each subsequent year. However, back-end loads (often have higher 12b-1 fees, used to pay commissions and marketing expenses, than do front-end load funds. The 12b-1 fee is generally between 0.25% and 1% annually, and can make back-end funds more expensive over the long term. Exact details of all the load funds are shown in the table near the beginning of the prospectus.

Mutual funds are generally geared towards three types of investments: money markets, bonds, and stocks. Money market funds invest in short-term bonds, which have a low degree of risk and therefore offer a lower return than that of the other types of funds. The main objectives are the preservation of capital and liquidity. Bond, or income, funds are not concerned with growth, and have the sole objective of producing a steady stream of income. Stocks, or growth, funds are looking for growth. Stocks provide there are also different degrees of risk for each group of funds, ranging from conservative money market funds to high-risk stock funds. A fourth type of fund is the balanced fund, which is a mixture of stocks and bonds formulated to reduce risk while still receiving a respectable return.

Not all mutual funds allow you to buy or sell shares at will. An open-end fund allows you to purchase and redeem shares on a daily basis. You can add money, take out money, reinvest profits, take out profits, as you wish. A closed-end fund, however, has restrictions on buying and selling, making it comparable to a stock with a fixed number of shares.

There are so many different funds in existence that to even give a summary of them would require a whole new issue of the Exchange. Just to illustrate, there are funds that invest only in emerging markets, medical companies, technology companies, mortgage bonds, municipal bonds, Asian companies, etc. The list could go on forever.

Now here is what you have been waiting for: should you invest in mutual funds? Although it is preferable for you personally to speak to a financial advisor, I will tell you that I would not invest in mutual funds. Mutual funds provide diversification and convenience, they are quite restricted by the SEC as to what they can and cannot invest. Take the Asian markets, for example. If you have been reading the Journal, and I’m sure that as a dedicated Sy Sysm student you have been reading it daily, you have no idea what market restrictions are suffering from severe economic and monetary problems. If you had invested in an Asian fund last semester, you would have lost something. A closed-end fund would probably be restricted to Asia, it would not be able to change its focus and would be forced to stick it out in Asia. Another disadvantage of mutual funds is that is funds only invest under-perform the market. The safest bet is to find an index fund that mirrors a known market index, as those have been doing quite well lately. Even if you do find a fund that has been consistently outperforming the market, you must not forget the cardinal rule of mutual fund performance is no guarantee of future results. Many things can change; suddenly you might find yourself losing money. Mutual funds can be an excellent investment, but only if you choose the right one. And with so many funds out there, this will be quite difficult.

My advice is to invest in the Dow Jones Industrial stocks. While this may not give you spectacular results, if you do your research and find some solid blue-chip stocks to invest in, you should see steady growth with minimal risk. If you do follow my advice, make sure to do some research on the investment program. Besides just buying the stock, it automatically invests dividends in additional shares. If you are not an expert and want a safe investment with good returns, this is the way to go. For more information on DRIPs, visit the Motely Fool website at www.Fool.com.
Joe Camel: Subliminal Hero by Nina Weinhart

Picture this: a ten-year old stops to buy a Camel while walking home from school. The featured character of the advertisement is Joe Camel - the suave cartoon character and shameless nicotine peddler - sporting sleek sunglasses and a cigarette dangling from his droopy lips. His balding head, long, ratty hair, and his famous catchphrase, "Joe Camel, feels critics and head honchos may shrug off subliminal advertisements as being "innocent" or "obscure," this 80’s engrained marketing campaign."

In 1957, a researcher announced that after he had flashed the picture this: a ten-year old stops to buy a Camel while walking home from school. The featured character of the advertisement is Joe Camel - the suave cartoon character and shameless nicotine peddler - sporting sleek sunglasses and a cigarette dangling from his droopy lips. His balding head, long, ratty hair, and his famous catchphrase, "Joe Camel, feels critics and head honchos may shrug off subliminal advertisements as being "innocent" or "obscure," this 80’s engrained marketing campaign.

From "racy" images in liquor ads to sette tapes relaying subliminal messages to minors, though their advertisements are blatantly designed to lure new smokers through subtle allusions to greater sexual potency and peer acceptance that can be achieved by participating in the smoking club. The NRTC, the manufacturer of Camel cigarettes, thereby the company represented by Joe Camel, has been a deft manipulator of the subtle advertisements - Camel cigarettes' prominence in 1987, when introduced by a Greensboro, North Carolina advertising agency. Luckily, for future admen, advertisers advocated that "all this is done in a roundabout manner, were the word 'sex' on crack advertisements to elicit favorable subconscious reactions from readers. The dirty word is out, sexual manipulation and intellectually dishonest. A potential consumer stands indefensible against such advertisements.

The advent of television in the late 1940's brought a new medium for shrewd advertising executives to practice their trade. For nearly four decades now, Madison Avenue has been unable to refrain from abusing the trust of consumers. In 1957, a researcher announced that after he had flashed the phrase "eat popcorn" and "drink Coca-Cola" every 7,000th of a second, people subconsciously bought more popcorn and soda than usual. Once word got around that companies were using subliminal mesages in their advertisements, state governments and congress began to regulate the techniques that advertisers employ in their marketing ads. Numerous lawsuits were brought in the hope of curtailing subliminal advertising.

Today, the physical commodity that was traded in the Middle Eastern bazaar is no longer present to see and touch. Instead, trading is done through instruments called futures contracts. These contracts represent the underlying commodity. The process of trading commodities is also known as futures trading. Unlike other kinds of investments such as stocks and bonds, when you trade futures, you do not actually buy anything or own anything. You are merely speculating on the future direction of the price of the commodity in which you are trading. This is like a bet on future price direction. The terms "buy" and "sell" merely indicate the direction you expect future prices to move.

If, for instance, you were speculating in wheat, you would buy a futures contract believing that the price of wheat is going up in the future. You would sell a futures contract if you thought the price would go down. For every trade, there is always a buyer and a seller. Neither party has to own any wheat to participate. He must only deposit sufficient capital with a brokerage firm to insure that he will be able to pay the losses in case his trades lose money. In addition to speculators, both the commodity's producers and consumers participate in the financial futures market. The principal economic purpose of the futures market is for these commercial participants to eliminate their risk of changing prices.

On one side of a transaction may be a producer like General Mills, a farmer who expects wheat going on his farm. It won't be ready for harvest for another three months. If he is worried about the price going down during that time, he can sell futures contracts equivalent to the size of his crop and deliver his wheat to fulfill his obligation under the contract. Regardless of how the price of wheat changes in months, until the crop is ready for delivery, he is guaranteed to receive the current price.

On the other side of the transaction might be a producer such as a cereal manufacturer who needs to buy lots of wheat. The manufacturer, such as General Mills, who produces Cheerios, and General Wheat Growers would be concerned that in the next three months the price of wheat will go up, and it will have to buy more wheat than it has rights in the futures market. Against this, General Mills can buy futures contracts at the current price. In the middle of these General Mills can fulfill its obligation under the contract by taking delivery of the wheat. This guarantees that regardless of how the price moves in the next three months, General Mills will pay no more than the current price for its wheat.

Commodity Futures Trading for Dummies by Jonathan Teitelbaum

In addition to agricultural commodities, financial futures also exist on a variety of commodities, currencies, bonds and stock market indexes. Each futures market has producers and consumers who need to hedge their risk from future price changes. The speculator, who does not actually deal in the physical commodities, is there to provide liquidity. This allows the price of wheat to change by a small percentage. If a large price change from one trade to the next is minor.

Rather than speculating, or making delivery, the speculator merely offers his position at some time before the date set for delivery. If the price has moved in the right direction, he will profit. If it does not, he will lose. Since speculation perform the valuable functions of providing liquidity and assuming the risk of price fluctuation, they can earn substantial returns. The position can be error-proof because there is also a risk of substantial loss.

There are many inherent advantages of commodity futures over other investment alternatives such as savings accounts, stocks, bonds, options, and gold. One advantage is that it is based on the actual commodity. Once the futures price is set, of course, is the potential for large profits in a short period of time. The reason that futures trading can be so profitable is leverage.

For instance, if you had a $10,000 loan and continued on page 5
The Exchange would like to congratulate each of the winners on their victories in the 1998 Sy Syms School of Business Student Association elections.

The 1998-1999 Executive Board is:

**Uptown SSSBSA Board**
President - David Neiss
Vice President - Joe Dyckman
Treasurer - Yet to be determined
Secretary - Joshua Swedarsky

**Midtown SSSBSA Board**
President - Adina Loberfeld
Vice President - Marina Klochan
Treasurer - Susan Wohlgernter
Secretary - Carla Schron

The Exchange would also like to express its gratitude and appreciation to all the candidates for their efforts and participation in this year's election.
Personal Investment Strategy
Continued from Back Page

get that M.D. Speciality may give you even more.
To look at things another way, suppose five friends are comparing incomes at the end of their lives. One has earned $60,000, an MBA is earning $67,000, the College Professor and lawyer are earning $71,000, and the Doctor is earning $92,000. They have similar saving and investment habits, they all will be able to afford about the same standard of living at about the same amount of money at retirement.

Factor in Growth Rate
The above analysis assumes that salaries in all professions grow at about the same rate. But that is unlikely. Every job has its own dynamics. In the average career, salaries will grow at the same rate as National Income. That rate is hard to predict. But it is relatively easy to predict which careers can support salaries that grow faster than average salaries. Doctors and lawyers have certainly been able to support such salaries, and they have similar saving and investment habits, they will all be able to afford about the same standard of living at about the same amount of money at retirement.

Value of Lifetime Earnings
For average lawyers.

College Professor - $1,500,000; CPA-$2,500,000; Doctor - $1,150,000; Entrepreneur - $3,000,000; General College Business job - $2,000,000; General College job (average job that requires a college degree) - $1,500,000; General High School job (average job that requires only a high school education) - $1,000,000; MBA-$2,500,000 (but wide variation).

Convert to a Flow
The numbers are hard to interpret on their own. Consider them in relation to the average investment rate you earn after inflation. Suppose over your lifetime, you have invested $100 and earned 4% per year (this is about the historical return of the stock market). Then if the Net Present Value of your Lifetime Earnings is $1,000,000, you could live on an income of $40,000 (4% times $1,000,000) in 1998 dollars forever. You would be happy with your choice. If you don't have this amount, you're giving up many years of working full-time with no amount left for college; you have given up $100,000 of the money and the other aspects. But after all you have given up, you have a choice that makes the normal choices at the normal times. You were given a life to live, not endure. Mistakes are part of that life, self-help books, conservative talk shows, self-help books, and you turn out to be blessings (remember my liason engineer) but even if you don't, you don't help me make real people. Real people make decisions, learn from their mistakes, and have a chance to end up happy. Sleepwalkers float through the years, with no idea of where they're going and only dim memories of where they have been.

Remember the Family
The above numbers assume a single person who works every year until retirement. But many people will take time off to have a family. Some may go on to perform some public service, for health reasons, because they get fired, or just take time off. Also, most people will find themselves in a two-income couple for at least part of their lives.

Just as a portfolio reduces risk, two-wage earners will be better equipped to meet life's financial challenges than one. I would apply a higher multiple to a couple since there is less risk, so the Net Present Value of their Joint Lifetime Incomes is greater than the sum of their individual careers. This is particularly true when you combine a risky and a less-risky career.

The cost of taking time off is much lower than most people assume. Of course it depends on the amount of time. If you want to have two nice houses you graduate college, have ten children, and not work outside the home until the last one is in college, you have given up about two-thirds of your working life and 90% of the Net Present Value of your Lifetime Earnings.

You and your partner work a few years, have some children, resume some part-time or at home work, then resume full-time work when your youngest child begins school, and the cost might be more like 13% or 14% of the Net Present Value of your Lifetime Earnings. There is still enough left to take your career decisions very seriously.

Again, sharing this time reduces the cost considerably. Two parents doing part-time work can often earn twice the income than one full-time and one home-maker. I also believe that a varied life is a happy life, and that a complete person, man or woman, should spend part of each day talking to children and part of each day talking to adults. All children make you crazy, all adults are boring.

Trust Yourself
Finally, it is better to make your own mistakes than to blindly follow others' advice. All of your career choices, all of your personal choices, all of your financial choices, all of your personal choices, all of your personal choices, all of your personal choices, all of your personal choices, all of your personal choices, all of your personal choices, all of your personal choices. Remember your parents did all of those things, if you want to have two nice houses you graduate college, have ten children, and not work outside the home until the last one is in college, you have given up about two-thirds of your working life and 90% of the Net Present Value of your Lifetime Earnings. There is still enough left to take your career decisions very seriously.

Again, sharing this time reduces the cost considerably. Two parents doing part-time work can often earn twice the income than one full-time and one home-maker. I also believe that a varied life is a happy life, and that a complete person, man or woman, should spend part of each day talking to children and part of each day talking to adults. All children make you crazy, all adults are boring.
"lim, have a nice weekend, and remember, don’t forget the memo you have to write." How many times does a conversation similar to this take place in the offices and sterile cubicles of corporate America? Indeed, whether one is a middle level executive toiling in some corporation or an investment banker taking in the dough in some prestigious investment bank, the ability to know how to write is an invaluable commodity which can determine how fast and far one can move up the corporate ladder. Thus, for the life of me, I cannot understand why managers of these firms look for any option of choosing from literally hundreds of applicants. Not surprisingly, the ability to know how to write is an invaluable commodity which can determine how fast and far one can move up the corporate ladder.

Today, when competition for high-powered jobs in teaching students how to write. While the ability to write does not seem to be a skill one must have in order to succeed in business today, one should definitely not be mistaken; writing is a unique ability that most, if not all of the students whose lack of confidence in themselves forces them to disparage others. But the most, who would be willing to work harder and think more, if they could only see the tangible benefits in doing so. The education that Sy Syms gives to its students is tantamount tomallpractice. Instead of trying to induce its students with the proper skills, SSSB forces its students to take a disproportionate amount of "Mickey Mouse," low-level courses. One hardly sees the logic in requiring students to take both one year of English Composition and one year of Expository Writing, geared specifically for the business world. The benefits of such requirements are clear. SSSB students, for the first-time, will be forced to articulate themselves on paper for an extended period of time. They will be forced to think critically, organize thoughts and persuade other to adopt their views. More importantly, SSSB students will feel much more comfortable when it comes to writing. For their entire college careers, students will be able to cultivate and nurture a skill that they will use for the rest of their lives. Who knows—some students may even enjoy writing and pick it up as a hobby.

The stereotypical Sy Syms student—i.e., a close-minded, money obsessed person not smart enough to go to graduate school and become a professional— is both false and insulting. It is a crude generalization perpetuated by Y.C. students whose lack of confidence in themselves forces them to disparage others. On the whole, most students would be willing to work harder and think more, if they could only see the tangible benefits in doing so. The education that Sy Syms gives to its students is tantamount tomallpractice. Instead of trying to induce its students with the proper skills, SSSB forces its students to take a disproportionate amount of "Mickey Mouse," low-level courses. One hardly sees the logic in requiring students to take both one year of English Composition and one year of Expository Writing, geared specifically for the business world. The benefits of such requirements are clear. SSSB students, for the first-time, will be forced to articulate themselves on paper for an extended period of time. They will be forced to think critically, organize thoughts and persuade others to adopt their views. More importantly, SSSB students will feel much more comfortable when it comes to writing. For their entire college careers, students will be able to cultivate and nurture a skill that they will use for the rest of their lives. Who knows—some students may even enjoy writing and pick it up as a hobby.

The stereotypical Sy Syms student—i.e., a close-minded, money obsessed person not smart enough to go to graduate school and become a professional—is both false and insulting. It is a crude generalization perpetuated by Y.C. students whose lack of confidence in themselves forces them to disparage others. On the whole, most students would be willing to work harder and think more, if they could only see the tangible benefits in doing so. The education that Sy Syms gives to its students is tantamount tomallpractice. Instead of trying to induce its students with the proper skills, SSSB forces its students to take a disproportionate amount of "Mickey Mouse," low-level courses. One hardly sees the logic in requiring students to take both one year of English Composition and one year of Expository Writing, geared specifically for the business world. The benefits of such requirements are clear. SSSB students, for the first-time, will be forced to articulate themselves on paper for an extended period of time. They will be forced to think critically, organize thoughts and persuade others to adopt their views. More importantly, SSSB students will feel much more comfortable when it comes to writing. For their entire college careers, students will be able to cultivate and nurture a skill that they will use for the rest of their lives. Who knows—some students may even enjoy writing and pick it up as a hobby.

The stereotypical Sy Syms student—i.e., a close-minded, money obsessed person not smart enough to go to graduate school and become a professional—is both false and insulting. It is a crude generalization perpetuated by Y.C. students whose lack of confidence in themselves forces them to disparage others. On the whole, most students would be willing to work harder and think more, if they could only see the tangible benefits in doing so. The education that Sy Syms gives to its students is tantamount tomallpractice. Instead of trying to induce its students with the proper skills, SSSB forces its students to take a disproportionate amount of "Mickey Mouse," low-level courses. One hardly sees the logic in requiring students to take both one year of English Composition and one year of Expository Writing, geared specifically for the business world. The benefits of such requirements are clear. SSSB students, for the first-time, will be forced to articulate themselves on paper for an extended period of time. They will be forced to think critically, organize thoughts and persuade others to adopt their views. More importantly, SSSB students will feel much more comfortable when it comes to writing. For their entire college careers, students will be able to cultivate and nurture a skill that they will use for the rest of their lives. Who knows—some students may even enjoy writing and pick it up as a hobby.
Personal Employment Strategy
Ten Rules For Job Hunters
by Professor Aaron Brown

Here we are, halfway between Purim and Passover, at an eventful time for seniors. They have taken their last midterms (maybe forever), they have made their millionth excuse for not starting their senior research paper, and they are thinking about careers. Some are deciding which of several tempting offers to accept; others are looking for that first offer. Surprisingly few, in my experience, are devoting any serious thought to what they really want to do.

This is understandable. Life is unpredictable. Most of us do not end up anywhere near where we expected to go. In retrospect, life seems like a series of unplanned accidents. So why worry about something so random?

However, this is not the sort of reasoning we encourage in finance. The stock market is also pretty random, but that does not mean you should pick stocks with a dart board. We study and calculate to de­termine the best available data is far better than a guess. Consider a person lost on the horizon, etc. Some of these strate­gies may lead in the exact wrong direction but all will get the person somewhere.

People who have no strategy, who simply wander as seems right at the moment, will end up going around in circles. A strategy offers a chance of success, wandering almost never works.

Another advantage of calculation is that it can be improved. You make a deci­sion and project a result. You get another result. You can go back and find the error, correct it, and make a better decision for the future. If you decide by feelings with no explicit prediction of a result, you have no way to refine your decisions.

So I decided to write this Personal Finance column on applying financial rea­soning to a career choice. Much of the data I use represents my subjective opinion, so other people might use the same tech­niques and come to a different result. But I think everyone can benefit from consider­­ing these things carefully. Here are the clas­sic rules of capital budgeting, applied to the career decision of a college graduate.

**Computing Net Present Value of Lifetime Earnings**

Students almost always consider the average salary in various careers. But this is misleading. It is the Net Present Value of Lifetime Earnings that determines whether you will struggle or be comfortable.

Valuing lifetime earnings is similar to valuing a common stock. In both cases we must look not just at current earnings, but at risk and potential for growth. Some stocks sell at high multiples (or low Price/Earnings ratios). For these stocks people are paying only 5 to 10 times last year’s earnings.

All other factors being equal, it makes more sense to pick a career with, say, current average salaries of $40,000 but a multiple of 100 than a career with current average salaries of $100,000 but a multiple of 10.

How do you estimate the earnings multiple of a career? It depends on three main factors: development time, growth rate and risk.

**Adjust for Development Time**

Some companies are making money today; others are thinking about doing re­search that might lead to a prototype that might go into production that might some­day make money. Obviously, investors in the second type of company demand a higher rate of return due to the delay in cash flows. Similarly, some careers, like Public Accounting, start paying good salaries immedi­ately after college graduation. At the other extreme, Medical Doctors and Col­lege Professors may not earn much salary until they are in their 30’s. Lawyers are in the middle, as are business careers that demand an MBA.

How much adjustment is neces­sary? This depends on a number of assump­tions, but as a ballpark figure an MBA re­duces the Net Present Value of Lifetime Earnings by 10%. The two lost years of in­come, plus the tuition, mean that if your MBA increases your income by 10% you will be equally well-off financially with or without the MBA.

Lawyers’ incomes should be ad­justed downward 15% to cover the cost of Law School. College Professors have to study longer for a Ph.D. but they generally receive financial support and some income. Therefore the cost of their development time is about the same as Law School. Medical Doctors give up 35% of the Net Present Value of their lifetime earnings, etc.

continued on page 10