



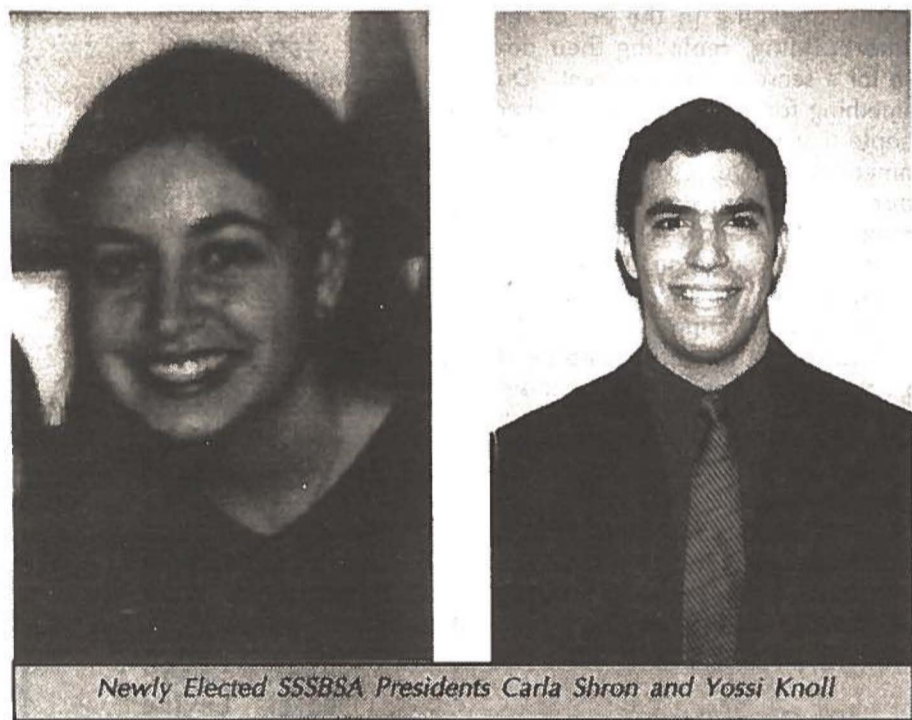
THE EXCHANGE

THE OFFICIAL BUSINESS PUBLICATION OF YESHIVA UNIVERSITY

May 13, 1999 / 27 IYAR 5759

Volume 4 Issue 2

SSSB Election Results



Newly Elected SSSBSA Presidents Carla Shron and Yossi Knoll

Every year Sy Syms candidates go through a grueling week of campaigning, in order to gain a position on the executive board of the Sy Syms Student Association of both the uptown and midtown campuses of Yeshiva University. This year, being no different, has shown some candidates enter office with ease, while others with difficulty. In the Uptown campus of SSSB, Yossi Knoll took the presidential election with an impressive victory. Yossi, hailing from West Hempstead, NY, attended the Hebrew Academy Of Nassau County and spent his year in Israel at Ohr Yerushalayim. As this past years Uptown SSSB treasurer he oversaw the tutoring program. Yossi is currently a resident advisor in Rubin Hall, and will be working this summer as an analyst in Bear Stearns Investment Banking division. The Vice Presidential election on the

other hand, was one of the closest in years. Ari Kellman narrowly edged out Joey London and Jonathan Weider by the slimmest of margins. The positions of Treasurer and Secretary were also hotly contested. In the Treasurer race, Steven P. Fuchs emerged as the victor, as did Richard Frolich in the Secretary race.

With regard to the midtown positions, Carla Shron secured the presidential office with great ease, as she ran uncontested. Carla, hailing from Overland Park, KS, was this past years midtown treasurer. She attended Bruria High School and Sharfman during her year in Israel. As a Marketing Major, her interests lie in Advertising. Carla will be interning at McCann Erickson. Dina Adelsberg assumed the office of Vice President, with Sharon Wiederker entering as Secretary, and Michelle Rothberg attaining the position of treasurer.

Summer Internship Program Established

SSSB and YC/SCW Juniors Offered Positions at Top Firms

The Sy Syms School of Business, through the Office of Placement and Career Services, has recently implemented a new recruiting program whose goal is getting those with a junior standing in both Sy Syms as well as Yeshiva College, jobs at some of the top recruiting firms in each respective field. These firms are highly motivated in recruiting for their summer internship programs, and often directly recruit on other campuses. Both of these intertwined factors are the exact reasons the program is being developed; their need satisfies the school's need, and the fact that other schools may have an unfair recruitment advantage is reason enough for concern and action.

The internship program has representation from such top name firms as J.P. Morgan, Goldman Sachs, KPMG Peat Marwick and Price Waterhouse Coopers. Some of the firms preselect those they wish to interview, usually ending up with about twelve interviewees, compared to the twenty four when no preselection is done. Interviews have been made available for any who wish to participate in the program, including non-Sy Syms students from Yeshiva and Stern Colleges, respectively. The areas of the program include Accounting, Finance, Marketing and Information Systems positions. The most notable and heavy competition originated from the influx of Computer

Science majors, who were interested in programming for major investment banking firms, putting them in somewhat direct competition with Information Systems majors.

Most students were very pleased with the program and how it has improved the recruitment process in general for the Office of Career and Placement Services. Numerous companies mentioned how, pending a student's performance during the summer, an offer for a full time position may be extended to him/her at the end of the internship. Some students were displeased at certain patterns which soon emerged between these companies. "Some of these firms look for the best guys, but when each firm picks the same four guys, then it's a problem", says Josh Swedarsky, a double major in Finance and Information Systems. When the scenario was posed to Dean Ira Jaskoll of Sy Syms, he responded, "The reason for that is the very difference between this program and our own program of locating positions for graduating seniors. This program is essentially oriented towards the firms. They pick who they want; the fact that certain people may be picked often is not an issue Sy Syms can contend with. However, we are in charge of the Senior Recruiting Program, and it is there that we look to find a spot for everyone. It's in our ability and it's our responsibility."

Kaplan, D. Knoll Appointed Editors-in-Chief

After a year and a half, Yair Oppenheim is stepping down as the editor-in-chief of The Exchange. For the coming year, The Exchange will be headed by David Knoll (pictured left) and Elijah Kaplan, the current managing editors. David, a senior finance major, is from West Hempstead, NY and attended RMBM for high school. David also



spent a year in Israel at Reishit Yerushalayim. Knoll joined the Exchange staff as a sophomore returning from Israel. He quickly moved up the ranks and has held the position of managing editor for a year and a half. Besides being a Resident Advisor in Rubin Hall, he has also wrestled since his first semester on campus, and will be taking over as captain of the team next year.



Kaplan, originally from Denver, went to Skokie Yeshiva for high school and then enrolled in YU. He is currently pursuing a double major in finance and accounting, and attends the Stone Beis Midrash Program. Elijah has been the managing editor this past year as well, moving up along with Knoll. Besides working for The Exchange, Elijah is the Treasurer of the Max Stern Investment Club, and enjoys cheering for all Denver sports teams, following all major sports and rotisserie basketball.

Knoll and Kaplan hope to run

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From the Editor's Desk

This time of year is most likely quite hectic for all of us. Finals and summer interviews are the fashionable plagues of the moment - they



motivate us, keep us in line, and raise our stress levels off the charts. Everyone has a breaking point, or at least knows which signs indicate when the road ends or where it leads. That being said, I'm finally stepping down as Editor-in-Chief of the Exchange. I remember taking up this position a year and a half ago, as my predecessor graduated in mid-year. I don't wish to establish a tyranny over the paper, so it's time for me to jump ship. I think I've done the best job I could have done given the dangerously unmanageable situation with my resources and staff. It's a rather arrogant statement, but just imagine for yourselves the following: a high staff turnover rate, moments with a frozen budget and a difficulty in establishing a new system for working. Simply put, it's a young paper. It has yet to solidify itself within YU's structure. Some things worked, while others didn't. Last year's production schedule was uncanny; the only way to repeat such a scenario would be to have a staff

batting at 110 percent. This year was a mess. It's over, though, and next year has a new team. One thing that can be said is that it's a better paper. The quality of writing is better, the topics are interesting and the contributors have a feel of what they should be writing about. When Yeshiva College and Stern College students pick up the paper, even though they're not from Sy Syms, it's a rewarding feeling, and I think that is a major milestone of accomplishment. There are numerous people I'd like to thank for their direct or indirect assistance or guidance over the past year and a half, most notably, Michael Insel, Dean Jaskoll, David Neiss, Simcha Gissinger, Oren Shimoni, Joseph Weilgus, Daniel Berkowitz, Joshua Swedarsky. David Knoll, Elijah Kaplan, all of the Sy Syms Faculty for their contributions and advice, as well as past and present members of the Commentator staff for their courtesy. As a departing message, I'd simply mention that a newspaper is only as good as the people behind it; not just the production and editorial staff, but the writers as well - the student body. There's always room for people who want to work hard, and that implies that there is room to grow and experiences to learn from. I've learned more from this paper about the work ethic than I have

from any job, since I was able to interact with all areas of this "business", which it is, though many may dispute me. More importantly, the lesson of accountability and the value of quality is never underplayed. Write for the paper. Be a part of something that is undeniably yours. Write about something that interests you, perhaps a topic within your major. It saddens me when people run for positions in election campaigns, engaging in the art of resume building, replacing their desire for a sense of achievement. Do something for yourself and for other people that can and will be noticed immediately. Don't keep a line on your resume for "President of the Pretzel Club". Show recruiters your articles when you go on an interview. I'll put money on the latter as the one being most impressive. I'm always available for those who need to know about the school or about the paper. I'll see you all around. Enjoy your summer.

Sincerely,



Yair Oppenheim
Editor-in-Chief

EXCHANGE

Yair Oppenheim
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SSSB Presidents' Message



Believe it or not, this year is coming to a close. It is so hard to believe that four years of college can fly by so quickly. That said, we would like to thank the members of our respective executive boards for helping to make this year a success, and ending our senior years with a bang.

Over the past four years, we have learned a lot in the Sy Syms School of Business. We received a

wealth of knowledge within the classroom, and were prepared to enter the business world. However, the experience we gained outside the classroom and boardroom was just as significant. College has taught us a lot of valuable lessons; one of the most important being friendship. The old adage, "actions speak louder than words", can be applied to friends. It doesn't make a difference how many nice things a person says

- what really matters is how that person behaves. We would like to end the year by saying "thanks" to those who made our college years so special. We would like to congratulate those of you who are graduating, and I wish all of you lots of luck. As for the rest of you, one piece of advice: enjoy school. The time here flies by so quickly, so try not to waste a single minute. Have a wonderful summer!

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.

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Sanford Grossman Delivers Annual Economics Lecture

by Shmuel Cahn

On Monday night April 12, 1999, Professor Sanford J. Grossman, The Steinberg Trustee Professor of Finance and director of the Center for Quantitative Finance at the Wharton School graced Yeshiva University with a lecture titled The Economics of Hedge Funds. Although he is a professor of finance and attracted numerous finance students and faculty members, his appearance was not sponsored by Sy Syms, but occurred in the rubric of the Alexander Brody Distinguished Service Lecture in Economics. The lecture was well attended by a diverse group of students and faculty members; the audience of approximately 60 people included students, professors, and deans from Sy Syms, Yeshiva College, and Stern College. Dr. Aaron Levine, Chairman of the Economics department, explained that Grossman was chosen to deliver the lecture because he has won the John Bates Clark Medal of the American Economic Association, which is often a prelude to winning the Nobel Prize in Economics.

Grossman began his lecture by explaining that hedge funds are essentially corporations or partnerships who earn profits by investing, and as such should not be confused with mutual funds. Among the differences between hedge funds and mutual funds, aside from the regulatory issues, is that while mutual fund managers typically earn 1% of managed assets per year, hedge fund managers often have additional performance based compensation. Additionally, mutual fund performance is often subjectively evaluated in comparison to major market indexes, while hedge fund performance is objectively evaluated based on a desired return. These conditions led hedge fund managers to take added risks in order to enhance performance.

Another point made by Grossman is that when hedge funds receive publicity, it is often negative. This need not be so. "Hedge funds are like sects," he explained, with many different investment objectives. While the fund that he manages specializes in short term foreign currency investments, many other hedge funds employ mundane investment strategies such as taking long and short positions in vari-



ous stock sectors. In response to a question posed by YC junior Naftali Polachek, Grossman said that his career path was an unusual one for money managers, most of whom do not come from academia. While teaching in Princeton during the 1980's he started to do econometric modeling for a consulting firm. After realizing that he could be much more prosperous independently than by working for someone else, he adapted his econometric models to the G7 currencies and started a hedge fund. Initially, his capital came from his own money, and that of relatives and friends. The key to success as a new fund manager, he stressed, is the first year's performance. It is on the basis of that initial performance that an aspiring fund manager will attract more investors, as he successfully has. He also explained that while he does have institutional investors, major pension funds often shy away from hedge funds because managers cannot justify the risks involved.

In response to another question, he discussed the memorable currency crises which enveloped South-East Asia in 1997 and 1998. These crises were not caused by the trading activities of hedge funds, Grossman asserted, but rather by the irresponsible practices of local Indonesian and Malaysian bankers who borrowed dollars to finance local currency lending, on the assumption that the local currencies would remain stable, enabling them to profit from the spread. When these overvalued currencies began to depreciate, the local bankers were forced to buy dollars to cover their debts; it was this dumping of the local currencies which precipitated the crises. The popular misconception that hedge funds were responsible stems from the ranting of Malaysian leaders, who often blamed their woes on mysterious Jewish forces in addition to the hedge funds.

TAX BREAK, OR NOT?

By Yosef Levine

It comes every year. Some people dread its arrival while others hasten its unique nature. I'm talking about the tax season. No congressional impeachment hearing, foreign civil war, or natural disaster can obliterate the April 15th deadline established by the Internal Revenue Service.

We owe a great deal of thanks to Sixteenth Amendment to the constitution of the United States; this is the legal source for that dark mid-April date.

All US citizens earning a gross income more than \$6950 must file a federal and state tax return. There are three circumstances where taxpayers must file even if their gross income is less than the above minimal amount:

Exception 1 Taxpayers who receive advance payments of the earned income credit must file regardless of their income level.

Exception 2 Taxpayers with a net self-employment income of \$400 or more must file always file.

Exception 3 Taxpayers who can be claimed as a dependent by another must file if they have either unearned income over \$700 or total gross income greater than the standard deduction (for a single taxpayer in 1998, the standard deduction is \$4250.)

Most of us who are students file tax returns because of the third exception to the gross income test. Also, those who are not required to file, do so in search of a tax refund from the prepayment of taxes withheld from summer employment.

The 1998 tax year brought with it many new conventions and benefits. Notably, the creation of tax benefits that arise from the costs involved with high education. The Hope and Lifetime Learning Credits can reduce your tax on a dollar-for-dollar basis up to \$1500 or \$1000 respectively. (These numbers must be calculated using formulas and are subject to phase-outs when adjusted gross income is between 80k and 100k or between 40k and 50k depending on filing status.)

So what is the catch? For starters, the IRS limits the credits to qualified expenses incurred while

seeking higher educational or vocational training. The IRS defines qualified expenses as the amount paid for tuition and enrollment fees. Expenses for room and board, transportation, and books are not included in this. The Lifetime Learning Credit is unique in that it only includes qualified expenses incurred after July 1, 1998.

Secondly, the Hope Credit may be claimed for no more than two tax years for the same student and must be claimed within the first two years of post secondary education. This means that juniors and seniors can't receive this tax benefit. The Lifetime Learning Credit does not have any limits regarding the year of post secondary education and can be used for as many years as an individual decides to take educational courses. This can even be used later in life if receiving a college degree.

Thirdly, the Hope and Lifetime Learning Credits may not be taken for the same student in the same year. The IRS prohibits any doubling up or using the qualified expenses for both credits.

A final highlight of these tax credits is actual annoying and bothersome for any student who, while in the course of reading this article thought they had found a tax credit applicable to their own personal tax return. If a student is paying his own tuition through loans, cash, or part thereof, he is not eligible for the Hope Credit or the Lifetime Learning Credit if he is being claimed as a dependant on a parents tax return. Even if a parent made no financial contribution towards the student's tuition and fees, they still nevertheless get the benefit of the above credits if the student is claimed as a dependant.

The above situation is applicable to many students, and as such, parents prosper at the expense of their children. For those readers who now find this article pointless because they have gained no benefit other than knowledge, let me suggest a comment of appeasement. Well, granted that our parents are reeking our benefits, they certainly deserve it for all they endured as being parents. Anyway, we can still deduct the interest payments on those student loans in future tax years.

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<http://www.yu.edu/sssb/>



1999 Business Awards and Honors

Sy Syms School of Business Valedictorians

Lisa Schall
Jeremy Blank

New York State Society of Certified Public Accountants
Award for Superior Scholarship in Accounting Studies

Barry Goldgrab

Harry R. Mancher Award for Excellence in Accounting

Lisa Schall
Aaron Siri

Henry Brout Award for Scholarship and Service in Accounting

Shaun Elbaum
Jennifer Prince

Joseph Herbst Award for Excellence in Accounting

A. Michael Cantor
Michelle Silver

Bernard Brown Award for Excellence in Business Studies

Jeremy Blank
Devorah Ifrah

Dean's Award for Scholastic Achievement In Accounting

Jeffrey Miller
Barbara Montal

Dean's Award for Scholastic Achievement in Finance

Sara Berkowitz
Syd Ghermezian

Dean's Award for Scholastic Achievement in Information Systems

Marina Klochan
David Rappaport
Tzveya Schwartz

Dean's Award for Scholastic Achievement in Management

Eliezer Brazil

Dean's Award for Scholastic Achievement in Marketing

David Gross
Briana Moskovic

Dean's Award for Service and Character in Accounting

Bina Bayewitz

Dean's Award for Service and Character in Business

Adina Loberfeld
David Neiss

Mildred Schlessberg Accounting Society Alumni Award For Service in Accounting

Joseph Weilgus

Sy Syms Award for Excellence in Service

Israel Babushkin
Charles Cohen
Deena Freedland
Laura Normand

Mildred Schlessberg Accounting Society Alumni Award for Outstanding Service

Ariella Rossman

Student Council Award for Outstanding Service

Joseph Dyckman
Avi Golden
Shandy Kahn
Moshe Margulis
Joseph Weilgus

The Wall Street Journal Student Achievement Award

Andrew Goldberg

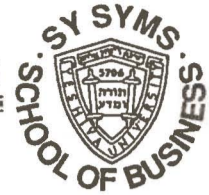
Dean's Award for Highest Ranking Junior

Naftali Nadel
Julia Rubin

The Advertising Club of New York

William Schwartz Business Plan Competition

Yael Berger
Daniel Gottlieb
Nealy Klien
Naftali Nadel



HOSTILE TAKEOVERS IN A HOSTILE LAND

BY ELIJAH KAPLAN

Often times companies or raiders will attempt a hostile takeover of another company or try to make a tender offer for the acquisition of a target company. There are times where allowing the raid or accepting the tender offer may be in the best interest of shareholders or the target company. However, independence can be very valuable and important. Therefore, the maintenance of independence is just as important. Two of the most important factors that go into creating a solid defense, are innovation and implementation. Well-devised strategies with the possibility of implementation, are two key factors necessary for maintaining the independence of a company.

There are many defensive tactics used in the business world today to prevent or fend off hostile bids. The most common of these tactics is known as the "poison pill." The poison pill was first developed in 1982 by Marty Lipton, a senior partner at the law firm Wachtell, Lipton. His version was a preferred stock dividend to shareholders. If the company was acquired the preferred stock would automatically transfer into 40 common shares of the acquiring company, thereby grossly diluting the acquirer's ownership interest in the target company. Lipton's "pill" did carry some disadvantages. To improve on its effectiveness, the "pill" continually evolved.

The next generation, the "flip over pill" was designed to address the problems experienced with the first type. Here, the target company issues rights to their shareholders. If the company should ever be involved in a merger or another business combination not approved by its board, the rights would enable its shareholders to purchase shares in the surviving company at a significant discount. The shareholders, in essence, "flip over" and become the acquirer. This process also dilutes the ownership of the acquirer. The newest and most common poison pill used today is the "flip-in, flip-over" pill. This pill is implemented by issuing a special dividend of one stock purchase right per outstanding common share. This purchase right is inactive until a triggering event. Typical triggering events may be the acquisition of 15% of voting stock without board approval or a hostile tender offer for 30% or more of the voting stock. The "flip-in" occurs at the triggering event. When the pill is triggered, all shareholders, excluding the acquirer, have the right to purchase extra stock in the issuing company at a considerable discount. Additionally if the issuing company should engage in any other business combinations with outside companies, the shareholders, excluding the original acquirer, have the right to purchase new

shares in the surviving company at a discount. This acts as the traditional "flip-over". The implementation of the poison pill is rather simple. It is typically put in place by the board of directors without the vote of shareholders.

Other defense tactics that deter hostile bids are employee severance agreements. Two common types of these agreements are golden parachutes and silver or tin parachutes. A golden parachute obligates the company to make a lump sum payment to executives who are terminated due to a merger or takeover. In 1989 F. Ross Johnson lost his job as CEO of RJR Nabisco, due to a takeover by KKR, and was subsequently paid a princely \$53 million. Golden parachutes are calculated as a multiple of the executive's recent compensation and are paid whether the termination is voluntary or involuntary. Silver or tin parachutes are roughly the same thing but usually include all employees. These are usually calculated as a multiple of the length of service of the employee. The board of directors, without a shareholder vote, can also implement these agreements.

Reincorporation may also be used as a defensive strategy. Incorporation and takeover laws differ from state to state. Additionally, some states may be known for siding with a target company rather than an acquiring company. For these reasons it might make sense to reincorporate in a different state. Gulf Oil, originally incorporated in Pennsylvania, reincorporated in Delaware in 1983 to fend off a takeover bid from Boone Pickens. Now that the company has set up certain measures to dissuade bidders, what should the company do to protect themselves if a bidder does come into the picture?

The most basic defense is the "Just Say No" defense, which is pretty self explanatory. In 1996, on the same day that Loewen was switching from the NASDAQ to the NYSE, Service Corp. International announced a bid for Loewen. These companies were one and two in the mortuary business. Loewen declined the initial \$43 a share bid and remained defiant when the bid was raised to \$45.

One defense mechanism that was common in the 1980's is known as greenmail. Greenmail is the practice of paying a bidder or raider to "go away" by repurchasing the stock at a premium. Thanks to Disney's desire to remain independent, Saul Steinberg, a raider, received a \$325 million payment for the shares that he owned. Usually accompanying a greenmail payment is a standstill agreement. The standstill agreement usually restricts the amount of shares the acquirer can accumulate, the circumstances under which the acquirer can sell retained shares and even how the acquirer can vote with

his/her retained shares. Greenmail, however, has many disadvantages. The fact that a company will be paying greenmail usually causes the share price to fall slightly. If it goes down to its original level another raider may enter the picture and the cycle will continue. St. Regis had this problem in 1984 and after the third greenmailer, agreed to sell to a white knight (another firm, favorably inclined toward a target firm's current management that agrees to make a better offer to the corporation's stockholders). As a result of this and other tax disadvantages, greenmail is no longer a common defensive tactic.

The Pac-Man defense is more aggressive than the other defense mechanisms. Picture a pac-man game. It is a player's job to try and swallow the ghosts who are pursuing pac-man. As a merger defense it works the same way. The target company goes on the offensive and bids on the bidder. This was a common tactic used in the early 1980's. Cities Service tried to "pac-man" Boone Pickens' Mesa Petroleum in 1982, and Houston Natural Gas similarly made a counteroffer for Coastal Corp. in 1984. This sends a message to the acquirer that the marriage of the two companies makes sense, but the current means to achieve the end do not. Conversely there is also a defensive message sent with pac-man. The company, in essence, saying to the acquirer that the merger will be avoided at all costs. Also, the bidder is now "in play" as well and may therefore drop out of the deal all together. If it is actually carried out to fruition the "pac-man" defense can spell horror for everyone involved. Shareholders of each company will receive cash for their stock, thereby squeezing each company of its equity. This will lead to two companies with extremely high debt to equity ratios and inevitable insolvency. A classic example of this was a fight between Bendix and Martin Marietta in 1982. Bendix offered \$43 a share for Marietta. Marietta then counteroffered. With Bendix now in play United Technologies came in to bid for Bendix as well. Eventually, after many court rulings in Maryland and Delaware, Bendix sought Allied Corp. as a white knight.

As Bendix did, finding a white knight may also be a wise defense strategy. Although the company loses its independence, it is merged with the company of its choice. Often times companies are a bit reluctant to act as a white knight because of the fear that a bidding war might ensue. To entice the white knight and protect it against these fears the target company will generally offer a stock lockup. This plan gives the white knight options to buy authorized but

unissued shares. This is beneficial to the white knight for two reasons. On the one hand the white knight can buy these shares and then vote to sell the company to itself. On the other hand, it acts as an almost perfect hedge. If the original bidder does make a higher bid, the white knight can exercise the options and then sell them to the acquirer for a significant profit.

If the company is still adamant about not giving up its independence then they may look for a white squire. Instead of acquiring the company, a white squire will just acquire newly issued shares and vote in line with the current management. Along the same lines as a poison pill, more shares outstanding will make the acquisition more expensive to the bidder.

If management of the target company decides that a sale of the company is inevitable, then taking the company private through a leveraged buyout (LBO) may be the best solution. Everyone will benefit; the shareholders will receive a nice premium for their shares and management will remain in control of the company.

In addition to the management-led LBO there are other forms of restructuring that can thwart a takeover offer. The target may assume more debt, issue new shares, or spin off a division of the company. All of these create a more expensive and less desirable acquisition for the raider. The assumption of more debt reduces the debt capacity that the target company might have, thereby dissuading a debt financed takeover. As we saw earlier the issuance of new shares will dilute the interest of the acquirer. Companies with a strong stock price or borrowing capacity may opt for a defensive acquisition. Bidders are less likely to buy a company that is already highly leveraged. Additionally, as with LBOs, the greater debt level encourages management to cut costs in order to pay off the higher interest expense. By acquiring another company the target increases its size and makes it more difficult to buy.

The entire process of defending against a merger or hostile bid can be very complex, tedious, expensive and time consuming. However, if the company is to retain its independence a combination of many of these steps and procedures are necessary. Mergers can lead to many exciting wars and the use of unique offensive and defensive strategies that may change and shape new tactics in the future. It takes the initiative and innovation of people like Martin Lipton, Martin Seigell, and Bruce Wasserstein to mold new defense tactics as our economy and the world of finance is ever changing.

Are Internet Stocks Over-Valued?

by Professor Aaron Brown

The last three months have witnessed an amazing run-up in the price of Internet companies. E-Trade is up 1,025% from \$10 to \$112.50, and they're losing money. That's nothing compared to Internet Commerce, up 1,920% from \$0.625 to \$12 despite never having made money.

But these are blue-chips compared to Digital River, up 1,228% from \$5 to \$61.375 despite having no revenue. Digital River loses millions of dollars every year, and has only taken in revenue of \$100,000 since going public in 1995. What's a company like that worth? Over \$1 billion according to the stock market. That's larger than a well-known company like Pier 1 Imports which has 731 stores and over \$1 billion in revenue, not to mention \$80 million of profits.

The phenomenon is not limited to small companies or the last quarter. America On-Line is now the 39th largest company in the world since its stock went from \$1.70 in 1994 to \$177 recently. AOL did manage to make \$92 million profit in 1998 (after losing \$500 million the year before), but how does that justify a market value of \$80 billion? Yahoo is also among the 100 largest corporations in the world. They went public in 1996. You could have picked up a share that year for \$5.67 then sold it in 1998 for \$445. Yahoo eked out a small profit in 1998, after losing money for its entire history before that.

How can such wild price increases on such thin accounting substance be consistent with Efficient Markets? Aren't Internet stocks a bubble that have to burst?

To a finance professor, "over-valued" means that if you project the cash flows from a security and discount those flows at an appropriate risk-adjusted rate, you get an expected present value that is less than the market price. When I do that, all these companies look over-valued to me. But lots of non-Internet companies look just as over-valued. Blue chips like Coca-Cola and Time-Warner are right up there with Lycos, Excite and Netscape.

So why do we read every day about the Internet mania on the front page of the newspaper but nowhere, not even the financial section, about over-valued blue chips?

Compare American On-Line to Time Warner, for example. The market values both companies at about \$80 billion. For America On-Line, that's 450 times earnings but for Time Warner it's 550 times earnings. America On-Line is positioned to grow at 15% per year for the medium-term. Time Warner is likely to shrink. I wouldn't buy either one, but at least America On-Line seems to have some prospects. The offsetting factor, the reason I think they are equally overvalued, is that Time Warner stock cash flows are safer, and therefore I discount them at a lower interest rate.

Take a look at Coca-Cola. It sells at 100 times earnings. Unless people stop drinking water, it's hard to see their cash flow growing at more than 5% per year. For the same price as Coca-Cola you could own both Netscape and

Excite. These companies lose lots of money, but they have enormous potential. Again, I wouldn't pay the market price for either one but I'm pretty confident Coca-Cola is a bad investment, Netscape and Excite are just gambles whose odds don't appeal to me.

If I think certain stocks are overpriced, why don't I short them? To short a stock is to borrow it from someone else, then sell it. At some point in the future you have to buy it back to return it to the person you borrowed from. If the price has gone down, you make money. For example, if you sell Coca-Cola for \$36 and later buy it back for \$26, you make \$10. Of course, if the price goes up, you lose money.

To begin with, remember what I mean by "over-priced." That the cash flows, discounted at the appropriate risk-adjusted rate, have a present value less than the market price. To look at it another way, if you buy the stock and hold it for the long-term, you will earn a lower rate of return than you can get on other, equally-risky, investments.

That does not mean you will lose money. I think Coca-Cola, for example, will return about 6% per year in the long run. Based on the risk, it should return about 10% so it is overvalued.

That means shorting Coca-Cola is like borrowing money at 6%. But it is not a fixed 6%, you might end up paying much more or less. Finance students will recognize that this risk is actually good, since it is negatively correlated with the market. In other words, if you short Coca-Cola and use the sales proceeds to buy other stocks, you can have a lower risk portfolio than if you bought the same stocks with money borrowed at a fixed rate.

Retail investors could not do this efficiently. The fees and margin rules for shorting make it impractical. But larger investors do this sort of thing. In fact the original "hedge funds" did exactly this kind of strategy, buying stocks they thought were undervalued and shorting stocks they thought were overvalued.

Personally, I don't do this either for my managed accounts or myself because I don't like to borrow money to buy stocks. I can find all the risk, and all the return, I need just buying good undervalued stocks. If you adopt aggressive strategies with leverage you become hostage to the unpredictable short-term ups and downs of the market. Even if your long-term predictions are exactly right, you can be wiped out by the volatility in between. But if I someday decide to use leverage, it will be aggressive leverage like shorting over-valued stocks rather than simply borrowing at a fixed rate.

Notice that my objection to shorting Coca-Cola applies even more forcefully to Internet stocks. These stocks have expected returns between 8% and 16% according to my calculations. Unfortunately, they need expected returns between 16% and 30% to be attractive investments. Borrowing money at 16%, or even 8%, with a stock whose statistical properties are difficult to es-

timate, is not appealing. I might someday short Coca-Cola (or whatever blue chip is overpriced at the time) but I strongly doubt I will ever short a speculative growth stock. I did buy some puts on Yahoo and Lycos but this was a pure speculative play, one that I wish I had had the strength to resist. It does not reflect my professional creed.

Getting back to the main topic, why do Internet stocks draw the ire of non-professionals while overpriced blue chip stocks are hailed as market leaders? One possible answer is that the spectacular rapid run-up in Internet stocks has drawn more attention than the slower appreciation of blue chips.

This cannot be the explanation, however. If you look at the largest percentage price increases, you see only dull companies: Kreisher Manufacturing, U. S. Automotive Manufacturing and Golden Books Family Entertainment are the top three. You have to get down to number 25 before you find an Internet company, Euroweb.

Another possibility is that the accounting losses, low revenues and scanty assets of Internet companies bother people. But the worst financial statements belong to technology companies, especially biotechnology, and mining exploration companies. There are a few tiny Internet companies that have comparably thin financials. All of them are involved in sound or picture transmission on the Internet. The big Internet companies are not accounting over-achievers, but they are no worse than hundreds of other companies in many industries.

Having ruled out these explanations, I have come to believe that the anti-Internet attitude developed because people cannot understand how these companies can ever make a return to investors. Coca-Cola may be overvalued, but it will certainly return something to investors. It pays a dividend of \$0.60 per share and the dividend has been growing at 12% per year. If that rate continues forever, Coca-Cola investors will earn about 13% on their money.

I am not so optimistic. Coca-Cola revenue has not been increasing at anything like 12% and, in my opinion, it will not do so in the future. The increase in earnings and dividends has come through higher profit margins. I expect this trend to reverse. I think that Coca-Cola's profits and dividends can grow only at the inflation rate plus 2% for the long term.

But it's easy to see that someone can disagree with me. They might expect revenues to grow faster or profit margins to continue to increase. And even if I'm right, Coca-Cola investors will earn 6% or so, about the return from a high-quality, long-term bond.

Even the soundest Internet companies may never pay a dime to investors. As long as the Internet is growing and changing, you can expect them to use all their cash to advertise or develop technology. In fact, they will probably need to raise additional capital, making further promises against future

cash flow.

When the Internet matures, the winners should sit back and collect their profits. But what profits? Who will pay them money? And if they are collecting money, won't that attract a lot of competition? If it takes a lot of money to get into a business, a company has some protection. But if two gals working from their garage can get into the business, it's hard to stay on top. As the Internet develops, it gets cheaper and cheaper to start an Internet business.

People who feel this way don't belong in the stock market at all. They should buy an index fund and try not to think about how uncertain the whole thing is. You cannot predict the future. You cannot even imagine the future. Stock market winners and losers will be determined by factors that are unnoticed today.

Who would have predicted that all the profits in the soft-drink business would go to a company (Coca-Cola) that owns a well-known "secret" formula and hires other companies to make and distribute the actual soda? That's as silly as any Internet company. Who knew that Bill Gates would buy an operating system for \$50,000, multiply its value by ten million, and turn it into the largest company in the world? How does he keep making so much money when there are better operating systems available free? Why is American Express the most profitable credit card in the world? How do they get people to pay \$65 per year and up to get a card that is inferior to the ones banks give free?

The sources of business profitability are not obvious. With large existing companies, it is easy to assume that there is something natural about the way they make money, that they do something "real." But if you are asked to explain exactly what that real thing is, and why profitable companies do it better than unprofitable ones, you realize these are not easy questions.

If these are hard to answer for established companies in the present, they are almost impossible to answer for Internet companies in the future. What will be the size of the Internet and who will pay for it? Will profits, if any, go to the service providers, search engines, on-line retailers, data transmitters, content providers, advertisers or someone else? Will the Internet be dominated by a few large, diversified companies or hundreds of small, specialized companies? Will existing companies open Internet divisions or will new Internet companies capture the business for themselves?

How do I reconcile my beliefs that the future of individual companies is unpredictable with my careful projections of future cash flows? Uncertainty is not an excuse not to plan. No one knows what will happen tomorrow, they could live or die, be rich or poor, happy or miserable. But thorough analysis and discipline give you a slightly better chance of getting the live/rich/happy end of the stick.



The Essentials of Programming

by Yair Oppenheim

Interview with Dr. Allen B. Zilbert, David Zysman
Chair of the INF Department

What are the key skills a programmer must possess in order to perform effectively on his/her job?

Firstly, a programmer has to be an extremely logical person in order to be able to write any type of business application. Programmers also must be socially adept in order to interface with individuals for the purpose of finding out their needs in order to create an application. Basically, once they have determined what the user needs, they can then sit down and actually plan out the application that has to be developed.

What are the most common obstacles that programmers face?

One of the most common problems is that occasionally, the user doesn't actually know what he/she wants. The programmer may then create something that the user later determines to be not exactly what he/she needs, leading the programmer to go back to the drawing board and redesign the application.

Is the "programmer modus operandi" changed if work shifts from simply programming to consulting?

If you're dealing with one aspect of consulting such as user requirements, the programmer is basically on his/her own and must locate the actual people that want applications created for them. However, in an organization there are always new problems that occur and the programmer soon ends up solving organizational problems that exist within the company, something not within his/her original job parameters.

How does working with systems compare to programming applications?

When working with systems, programmers should examine the life cycle of the system itself, in terms of whether it is currently solving the goals of the organization, or if not, whether it should be modified. This task now involves analyzing an entire organization compared to only doing one part of an organization's application.

Is the programmer then always concerned with the full knowledge of the project's development life cycle?

No, because in certain organizations, the programmer may be working on one project and then may switch to another one; he/she may not even see how the program has evolved over the years. The situation may be different should the organization be very small, in which case the programmer could be involved with the entire project on a day to day basis.

Otherwise this would be the job of a systems analyst?

Correct.

What are the differences in consequence resulting from logic, as opposed to syntax errors?

Well, in today's world, you don't end

up using applications with syntax errors, since the majority of programs are compiled. Thus, programs that are totally translated cannot be affected with respect to that. In terms of logic errors, the best example I can give you is of Ashton & Tate, which used to have a package called Dbase 4. It had some major logical problems as far as databases are concerned. As a result, where's Ashton Tate today? Out of business.

How do programmers deal with logic errors that can't be isolated because their coding looks normal?

Having logical errors means the output is not expressed in the intended way. A programmer needs to physically isolate the source of the problem, and if the program has been designed in a structured way, the programmer should be able to find the source quickly. A logic error should never reside in a program if it is known.

What is the best way to deal with "spaghetti" code or uninterpretable code written by someone else?

Sometimes, one possible method is to try to lock spaghetti code into a portion or try to encapsulate it so it won't affect the rest of the application. If the spaghetti code can not be encapsulated, you may then have to rewrite that portion of the program to make it more understandable so it can be modified. Normally you don't even try to touch the spaghetti code if it's currently working properly. If it's not working properly, you have to do what best you can to fix the problem with what you have.

If part of the application works, yet still results in an application's longer running time, how would one know if the spaghetti code didn't work?

If it didn't work the programmer would have to rewrite its structure. In other words, it would be necessary to rip it out of the program, and just have that part of the program be removed from the application, whereas afterwards, a more structured model would take its place.

What are the advantages or disadvantages of using a standardized language?

Standardized languages give you portability. You can move code from one platform to another. One practical example would be the life span of the language. In time there is always better hardware and you can take that language with minimal modifications, and move it to another hardware platform with ease, thus showing how that standard's familiarity will lead to its usage in the future. Other languages would require major rewriting of the application.

And the disadvantages would be?

Of a standardized language? I can't picture any. There really isn't any disadvantage to a standardized language. There may be one possibility: A non-standardized language, may have fea-

tures which don't exist in that language as of yet because it is not a standard feature. Other languages may have a feature that yours does not have, but that's a rare situation, you're not gonna find that. Basically there is hardly any disadvantage to a standardized language.

Is converting code from one language to another a result of popular preference or is there value in undertaking such a project?

Well one reason might be that the language that you used originally is no longer being supported, so as a result, you have no choice but to convert that to something else. Normally you're not gonna sit down, because time is money, and you are not going to switch at any whim. That's why especially with the Year 2000 problem right now, people are not actually moving away from [code wall?]; they're fixing the problem, because it's not

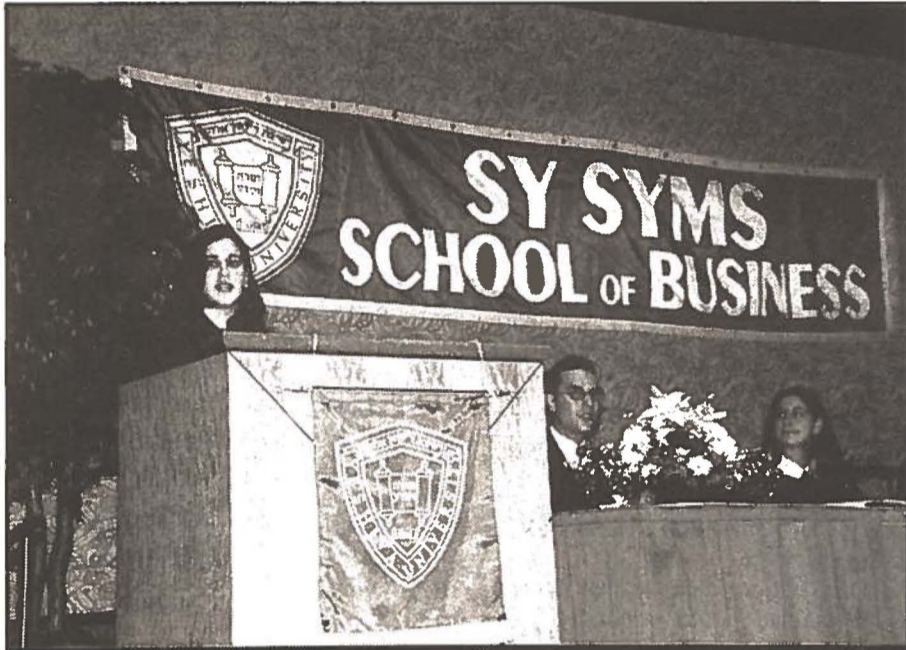
cost effective, and believe it or not, if the language were to outbid another language [] cse++, there might be a bigger nightmare than the Year 2000. People are blaming [cold wall?] for that entire problem- [cold wall?] was just the language that they implemented. Any language could have been deemed as the Year2000 language problem. However, luckily it was [cold wall?], that the code is readable. In a lot of languages the code is not readable, and then you have a major nightmare to deal with.

And that would assume that another reason to switch from one language to another is just more available options as time goes by?

Possibly, yeah. In other words, if your language did not migrate to extend more and more features, then you might decide it's not worth your time in terms of development within that language.

**The Exchange
would like to
thank David
Neiss, Adina
Loberfeld,
and their
respective
Executive
Boards for
making this
year at SSSB
the success
that it was.**

The 1998-99



**Valedictorian
Lisa Schall
addressing
guests**

The 1998 / 1999 Sy Syms School of Business Dinner took place Monday night, on March 21st at the Marriot World Trade Center. The dinner was co-chaired by Ari Feldman, Jack Almo, Carla Schron, and Malkie Winkler. The dinner was a resounding success with over 500 guests in attendance, including representatives from over 90 firms that recruit students from Yeshiva University. "The dinner's purpose is twofold; firstly to recognize the academic and extracurricular activities of students, and secondly to give students the opportunity to network with people in the business world," said Jack Almo, Dinner Committee Co-Chair.

The dinner's program began with greetings from Mr. Sy Syms. Mr. Syms spoke about the origins of the school, mentioning that students would seek a business education outside of Yeshiva University. After Mr. Syms, the valedictorian at the Sy Syms School of Business Midtown campus, Lisa Schall, was introduced. Ms. Schall, spoke about the importance of incorporating a Torah lifestyle into one's business lifestyle.

Following Ms. Schall, Dean Nierenberg was called upon to introduce Lilian Vernon, as the night's keynote speaker. Ms. Vernon, CEO of the Lilian Vernon Corporation, discussed the merits and difficulties of starting an online venture, aimed at the female target market. She spoke about starting a business online as opposed to a regular business, and how she used that to her advantage.

After Ms. Vernon's oration, the attendees enjoyed their dinner. The program resumed at the conclusion of the dinner with an address from the Main Campus valedictorian, Mr. Jeremy Blank. Jeremy, a Finance major, recognized the contributions of faculty and students to the overall image of the Sy Syms School of Business. He emphasized the passion that the students and teachers have for learning and teaching finance.

Associate Dean Ira Jaskoll and Assistant to the Dean Diane Persky presented student awards for academic excellence and service to the school. In addition, Assistant to the Dean Diane Persky and Dr. Deborah Cohn announced the five winners of \$1000 stipends from the Ad Club of New York.

Adina Loberfeld, presi-

**Joel
Hochman,
Teacher of
the Year,
Midtown
Campus**



**Valedictorian
Jeremy
Blank
addressing
guests**



**Dean Jaskoll
dispensing
words of
wisdom**





SSSB Dinner

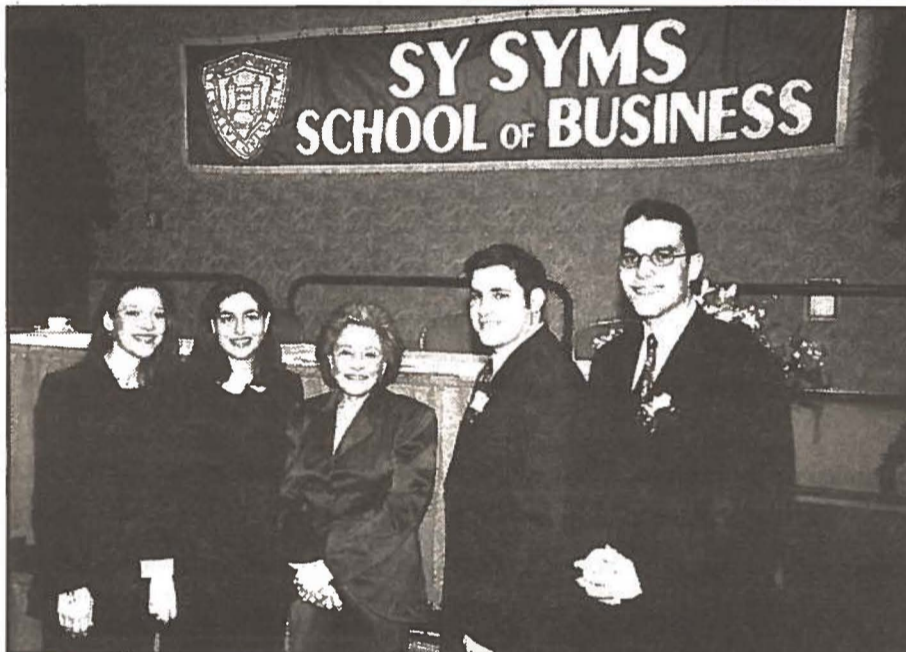
dent of Sy Syms Midtown Campus, presented the award for Professor of the Year at the Sy Syms School of Business Midtown campus. This year's recipient was Dr. Joel Hochman. Dr. Hochman thanked the students with his characteristic charm and geniality that exemplifies his commitment to the students of Sy Syms.

Sy Syms School of Business Student Association President David Neiss conducted the presentation for the Professor of the Year award at the Main campus. For the third consecutive year, the students at the Main Campus elected Dr. Charles Snow as Professor of the Year. Neiss extolled Dr. Snow for his commitment to teaching students the ethical side of business as well as the functional side. Dr. Snow accepted his award and thanked the students and faculty of the Sy Syms School of Business.

According to all, this year's dinner was an outstanding success. It was the talk of the school for much of the next week. As one anonymous student claimed, "This dinner was great. I met a lot of people in influential positions, and I made some valuable contacts". Another student has secured a job through a contact that he cultivated at the dinner. According to David Feld, "The dinner committee, Ari, Jack, Carla, and Malkie, did an incredible job with this dinner. I really feel that they had the students in mind while planning this gala affair."

The Sy Syms School of Business Annual Dinner is the culmination of Sy Syms Student Association and Student Council activities throughout the year. Each year the number of attendees grows, and this trend is anticipated to continue as the enrollment for the Sy Syms School of Business has again grown to new heights. Next year's student body will be over six hundred strong. The school can also boast a placement record of 99%. Sy Syms School of Business students are being recognized for their superior commitment and education. All of these factors are helping to make The Sy Syms School of Business a respected name in the business world.

Sy Syms delivering his speech



Keynote speaker Lillian Vernon with the Dinner Committee

Sy Syms, Dean Nierenberg, and Past Presidents



Recruiter discussing career opportunities with a student



Brazil Financial Markets

by Kinneret Cohen

Although Brazil initially devalued its currency on January 13 in order to restore the confidence of investors, who feared the real was highly overvalued. Brazil soon couldn't push through new reforms to control its budget deficit. Soon it became apparent, after drastic drops in financial markets in Brazil and around the world on January 13 and 14, that just the opposite had happened. Investors fearing subsequent devaluation and chain reactions throughout Latin America, hurried to pull their money out of the markets. Brazil's stock market was then forced to suspend trading on both days after suffering large declines on each. The government, desperately struggling to hold the devaluation at 8 percent, was forced to spend its foreign currency to buy its own currency. In effect shelling out billions of dollars in an attempt to defend the real against currency speculators. By Thursday the 14th, Brazil's foreign currency reserves had been depleted by more than half of the \$75 billion that it had had last summer, and the Dow Jones Industrials Average posted its largest drop since autumn, falling 2.4 percent. Immediately, the International Monetary Fund and the United States warned Brazil that it was fighting a lost battle and would only accomplish further shrinking of its precious reserves. The IMF suggested that Brazil allow the market forces to determine the value of the real. It was also suggested that Brazil control its fall by temporarily raising already high interest rates as an incentive for investors to keep their money in the country. Brazil's president, Fernando Henrique Cardoso, denied any such intention for fear of returning to his country's long history of hyperinflation, which he managed to cure by pegging the real to the dollar in the summer of 1994.

Since the mid 80's Brazil's government has struggled to find economic policies needed to control the country's high inflation and large budget deficit. Cardoso's policy of the non-inflationary real pegged to the dollar finally managed to accomplish just that. Following the collapse of the Russian economy last fall, Brazil was forced to raise interest rates to defend its currency as speculators took aim at the real and investors fled the country. As a result, domestic growth stagnated and Brazil's foreign exchange reserves dwindled. Fear of a worldwide recession led the IMF to come to Brazil's rescue with one of the biggest aid packages in history: \$41.5 billion to be delivered to Brazil if it stuck to its promises of tax increases and spending cuts to bring the budget deficit under control. However, on January 8, 1999, investors were shaken up when the governor of one of the largest and wealthiest Brazilian states said he would not make his state's debt payments to the central government for 90 days. Fear of other states following suit undermined confidence in Brazil's ability to control the deficit and ultimately pay its debts. This set off a week of declines in the Brazilian stock market. Surrendering to the crisis of confidence, the central bank governor, Gustav Franco, resigned on January 13 and on the same

day, his successor, Francisco Lopes, announced a devaluation of the real by more than 8 percent, sending financial markets around the world tumbling.

As pressures mounted, Brazil finally made the decision on Friday morning to abandon its exchange rate range and allow the real to float. A relieved world economy watched as stock markets rebounded and Brazil regained control, at least temporarily. But the storm was far from over, it was much too early to breath any sigh of relief. Brazil had made a temporary decision but still needed to make decisions as to the long-term strategies to deal with its problems. Its options were not very encouraging. To better understand Brazil's situation and the decisions it faced before deciding to adopt (on the 15th) and finally keep (on the 18th) a floating currency, one must grasp the significance of Brazil's economy, it's history, and recent events.

Although Brazil accounts for less than 5 percent of both American exports and the world's total economic output, its economic health is vital to a region that consumes a fifth of United States exports. It is the biggest economy in Latin America and the eighth largest in the world. Brazil is also one of the last large countries to go down the road of free trade, privatization and hard money. If this approach fails in Brazil, the ideal of a unified global economy tied together by trade and investment is threatened. It is clear that Brazil's economic state affects the rest of the world as well.

When Brazil declared it was pegging its currency to the dollar in 1994, it had basically made a promise to defend the real with its reserves at any cost. This was made possible by the IMF package. The problem was that it allowed Brazil to stick with an overvalued exchange rate, some believe by as much as 30 percent. At the same time its policies became increasingly dependant on short term loans. An overvalued exchange rate drains foreign reserves and causes lenders to withdraw their dollars because they fear that there will be no dollars left in the country. Brazil had to raise interest rates sky-high to attract loans, but high interest rates prevent the economy from growing. Eventually Brazil opted for a limited devaluation on January 13, 1999, in order to convince investors that this would stave off a much bigger devaluation. The problem was that investors saw this move as a sign of the Brazilian government caving into pressures from unions and big businesses to fight unemployment as opposed to inflation. Because the pegged currency was introduced to boost investor confidence in the government's ability to fight inflation, they viewed the devaluation as a breaking of a promise and feared further devaluation. Had investors gone along with the devaluation, it is likely that interest rates would have leveled off or fallen, and exports would have risen. But investors fled, and the plan

fell apart instantly.

At that point, January 14, 1999, Brazil was faced with two options: either defending the new exchange rate with hard currency, or letting market forces determine the rate. On Friday the 15th, Brazil decided to let its currency float after trying to defend it for the first two days. Although this was a good decision for the moment, Brazil still had to find a long-term strategy to deal with its situation. It had several options: 1) It could announce a new fixed range of rates tied to the dollar, allow the currency to be devalued by tiny specified amounts every day and the central bank would once again promise to support the value of the currency. This could only work if Brazil could convince investors that it would not renege on its promises in the future. 2) Another option was for Brazil to choose one of two extreme exchange rate regimes that would virtually rule out speculative attacks: a) either allowing the currency to float permanently or b) adopting the idea of a currency board just like Argentina currently has. The problem with a permanent floating rate is that since Argentina is Brazil's largest trading partner and is affected strongly by much of Brazil's policies, it might be forced to abandon its fixed rate currency which is working very well and which investors are counting on, or else it would risk losing its exports to Brazil. Also, Brazil has a large domestic debt and has only been able to borrow money by offering short maturates indexed to the dollar. This, of course, means that every time exchange rates fall, government obligations jump. A big fall in value of the real could mean instant default, just as Russia and Mexico were forced to default for the same reason. The second option, the currency board, seems most radical, but has much support in Brazil's central bank and the IMF. It would mean, that the supply of reais in circulation would have to be fully backed by dollars and convertible, on demand, at a fixed rate of exchange. This would mean that Brazil could no longer print money to finance its budget deficit, which would be good in so far as it served to restrain inflation. Instead it would be a decision on Brazil's part to surrender control of its money supply and its monetary policy.

On Monday, January 18, Brazil made a final decision to stick with the floating exchange rate (initiated on the 15th) and high interest rates, and many predict gloomy forecasts of the return of inflation and a series of Brazilian bankruptcies. Mr. Cardoso has warned that if domestic retailers start raising prices he will lower trade tariffs, making imports cheaper. However, price increases seem to be striking imported goods first. One of the factors that might hold off inflation is the empty malls - retailers might be afraid to raise prices and scare away the few customers who are showing up. Most economists believe Latin America is facing a year of flat growth, rising unemployment, and mounting pressure on currencies. The weaker currency in Brazil

will tempt other trading partners to devalue their currencies as well so that they can be competitive. This in time may bring down the international prices of commodities crucial to Latin America's economic growth. However, with all the negative predictions, many believe the situation is not as bad as the one in Asia last year. Latin American economies are not as dependent on foreign trade, and the shocks from Brazil's sliding currency are not as sudden. The big questions for the days and months ahead are how far the real will fall and whether Brazil will manage to lower interest rates to spawn higher growth rates. These will most likely be determined by the policies to be voted on in the Brazilian Congress in the next few weeks regarding the reduction of the government's huge budget deficit. Desirable legislation would include a reform of the social security system and perhaps increasing an existing tax on checks and other financial transactions (but this is particularly controversial). It seems that the most important and beneficial "achievement" of this crisis is that Mr. Cardoso's hand has been strengthened with lawmakers, and that a more favorable climate in Congress has been created for passing some major bills that are of interest to the Government. Brazil realizes that the world is watching its every step, and in order to restore its credibility and meet it's promises to the IMF, it must make the necessary fiscal adjustments in the near future.

The real dropped about 37 percent in value since the devaluation in January, and interest rates, at 45 percent, are still outrageously high. Inflation rose 4.4 percent in February, close to a five year high, and since GDP has fallen for two consecutive quarters compared to the same quarters in the previous year, Brazil is now in an official recession. Brazilian central banker, Arminio Fraga, was able to convince banks in the US, Canada, UK, France, Belgium, and Germany to stop cutting credit to Brazil. This is a big step since Brazil has lost about \$19 billion in short term loans since August. In response to the news, the real got stronger, and stocks and bonds rose as well because the weaker dollar eased debt payments of utilities with large dollar debts. Nevertheless, analysts believe the recent rebound is only a temporary one, and that people are going to start realizing just how bad first quarter losses were.

Evidence of the restoration of at least some investor confidence, is the drop in futures contracts for Brazilian interest rates from as high as 56 percent in the beginning of March to as low as 39 percent for August. Also, a positive move may be seen in the government's attempt to battle the rising inflation by easing some import barriers to take pressure off prices, in order to avoid raising interest rates.

Brazil still has a long way to go in pulling out of its current recession, lowering interest rates, and controlling inflation. The recent developments may be encouraging steps in the right direction, but success is slow in coming.



The Exchange would like to congratulate each of the winners on their victories in the 1999 Sy Syms School of Business Student Association elections.

The 1999-2000 Executive Board is:

Uptown SSSBSA Board

President - Yossi Knoll

Vice President - Ari Kellman

Treasurer - Steve Fuchs

Secretary - Richard Frolich

Midtown SSSBSA Board

President - Carla Shron

Vice President - Dina Adelsberg

Treasurer - Michelle Rothberg

Secretary - Sharon Wiederker

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.

The Scoop About Graduate School for Business

by Jennifer Kaplan

Today, graduate business school admission is tougher than ever. The top schools receive thousands of applications for only hundreds of spaces. How do you differentiate yourself and gain admission to graduate business school? More importantly, how do you decide when and where you should apply to graduate school? The following information is designed to help you wade through the graduate business school process.

Describe a typical Business School program.

The typical program is a full-time, two-year program. In general, the curriculum is comprised of both core (i.e. required) courses and elective courses. At the end of the two years, the student earns a Masters in Business Administration (MBA) or the equivalent, depending on the school. The core courses often include a combination of Finance, Marketing, Accounting, Statistics, Microeconomics, Macroeconomics, Strategy, Organizational Processes and Operations courses. Electives are offered in a wide range of disciplines. Majors or concentrations are not necessarily required. At Columbia, for example, the administration encourages the students to take the courses that most interest them. Upon graduation, the student determines whether sufficient courses have been taken in a particular discipline for a concentration.

Some business schools also offer a part-time program. Briefly, part-time programs meet in the evening. While in a full-time program students, on average, take five courses per semester, the part-time programs require the students to take fewer courses each semester. As a result, the MBA takes longer to complete. But, the part-time program allows students to continue working and maintain a stable income while concurrently earning a graduate degree. In general, part-time programs allow students greater flexibility than full-time programs.

Who benefits from an MBA?

People interested in any facet of business can benefit from an MBA, not just consultants and investment bankers. The MBA is helpful for people who are continuing along the same career path, giving the students additional training and specialization knowledge. The MBA is also useful for career switchers, to introduce people to new professional fields. The MBA is also a good tool for entrepreneurs or people starting his or her own business, giving students a full foundation of the essential concepts to start and run a business. In general, the MBA is a good, natural break in a person's professional life to allow him or her to reflect on his or her past professional experience and help determine the next steps to follow.

Do I have to know what I want to do for

the rest of my life before I enter an MBA program?

Absolutely not. An MBA is a time to experiment and gather skills for the business world. Many schools will expect to see some professional direction in the application. Yet, many people submit applications and are admitted to business school, claiming one career interest, and graduate with a job in a completely different field. Students are under no obligation, once admitted, to stick to their stated goals.

To assist students in choosing their professional goals, graduate business programs offer a host of beneficial resources. Career Services at the various schools offer tools to help students determine their interests, such as the Myers-Briggs test or CareerLeader. Further, Career Services coordinate both summer internship and full-time job recruiting in a wide variety of industries, giving students the opportunity to explore various avenues of professional development. Students are also highly encouraged to speak to both current second year students and alumni in a variety of fields to gather information on different industries, so that students can gain a full comprehension of the wide range of business opportunities that exist today.

Are there professional opportunities that do not require an MBA?

Yes. There are careers in business that offer their own designations. Students interested in business can pursue careers in financial research and obtain a Chartered Financial Analyst designation. Another possibility is that students can become financial advisors and obtain the Certified Financial Planner designation. Accounting is also an option, which requires the Certified Public Accountant designation. If tests are not for you, there are jobs that do not require additional certification. For example, there are certain investment houses that do not require employees to pursue an MBA in order to advance. On occasion, investment houses will promote analysts to associates without the MBA degree. The situation, though, is very individualized and should be discussed with each individual firm.

How do I know when to return to school for an MBA?

In the MBA marketplace today, the schools, on average, want to see several years of work experience prior to application. For example, the average work experience of a Columbia first year is approximately four years. Returning for an MBA is a very important and individual decision. There is no formula. First, one must consider that upon returning for an MBA, the applicant is giving up tens of thousands of dollars in income. Plus, the student will not only be losing income, but will also be taking on tens of thousands of dollars of debt in order to obtain the MBA degree.

Of course, the argument for taking on the debt and giving up the salary is that the earning potential post-MBA is much higher. Again, that depends on the individual's career goals. There are some people that have taken pay cuts upon graduating from the MBA program, as compared to the salary level prior to school, but this is most often in the cases of career switchers or entrepreneurs.

In several careers, a natural break arrives to help determine the "right time". For those in investment banking, consulting, or training positions, the program may conclude and, therefore, the next logical step is an MBA. For others, career switching may be the motivating factor. People return to pursue new goals, and decide to attend school at no particular time. But, in general, you will need at least two years of work experience before you should even consider returning to school.

Once I decide to return to school, how do I pick a program?

There are hundreds of MBA programs in the world today. There are many factors to consider in selecting an MBA program. First is location. Upon entering an MBA program, you will be living in the city for four semesters, including weekends. Because most MBA programs are very team oriented, you will be expected to work with other people on numerous occasions, usually on weekends. Therefore, it may not be easy to travel to other cities (such as New York) from your MBA program. Plan accordingly. In terms of Jewish life, enough cities have thriving Orthodox communities today that your needs will be met in mostly any city. Even the singles scene is starting to extend to other cities, beyond New York. As a result, there are plenty of programs to choose from.

Second is the specialization of the school. Many schools have made efforts to build and focus on some departments over others, or have gained a reputation for specializing in particular areas. Consider the departments in matching your career aspirations and the MBA program of your choice. Nevertheless, many programs are increasingly trying to diversify their offerings, as today's business executive requires a broad gamut of skills. Therefore, while specialization is an issue to investigate, it is becoming less so.

Third is the people. Because business school is so team oriented, you have to like the people with whom you are pursuing the MBA. You will be seeing them every day, working with them and socializing with them. Cultures in the different schools vary. You should speak to students in and alumni of the different schools to get a sense of their personalities.

Fourth is the teaching method. There are a variety of teaching methods in business school, ranging from case

studies to lecture. Each school offers a different combination of the teaching tools. Students need to determine his or her best style of learning to determine whether a particular program is appropriate.

To summarize, research, research, research. Speak to students, professors and alumni. Read books and the ranking reports. Try and get a feel for each program and determine whether you think that you would be a good fit.

What are MBA programs looking for in applicants?

No longer are high GPAs and GMATs good enough. Although high scores help, MBA programs are seeking well-rounded applicants with the potential to be leaders of the future. The admissions officers are looking for people who are team players, but can also be leaders. They are seeking people who are innovative and creative. They are trying to find people who are motivated and committed. They are also looking for people beyond the traditional investment banker and consultant. They want a broad, diverse group of students, who are not only hard workers but are also committed to their communities.

So what can I do now, since I am only a college student, to start preparing for the application process? Is it really necessary to start thinking about it now?

Yes, you should start thinking about the application process as you proceed through your college years and start your professional life. First, you should take the GMAT while you are in college. The test scores are good for five years. As a student, you have more time and energy to study for the test now than you will as a full-time professional. Therefore, you should finish it now. Plus, you can always retake it closer to your admission date, if necessary. For example, Columbia takes your highest score, regardless of the number of times that you took the test. But it does not hurt to finish one part of the process now. Next, try to cultivate team experiences. It is very important, as mentioned earlier, to be able to demonstrate team skills. Work is one opportunity to gather team skills, especially if you are on an audit team, a consulting team or a deal team. But do not neglect extracurricular opportunities once you graduate college. Although your time is limited, make efforts to become involved with your community. Donate some of your time to a local shelter. Get involved with a tutoring program. These activities are important to demonstrate that you are more than a one-dimensional person. Try also to get involved in extracurricular activities while you are in college. In particular, strive to become a student leader. This will not only help you get into a graduate school, but will also help you secure a job upon graduation from college. Also, develop hobbies or take unique trips. Although they

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New Accounting Requirement to take Effect in 2004

by Avi Goldin

In a move designed to strengthen the caliber of Accounting graduates, the New York State Education Department is adopting a 150 Credit requirement for all CPA programs. This is a policy that has already been adopted in 40 states and is becoming increasingly more accepted in the Accounting profession. The purpose of the extra coursework is to help prepare graduates to "function effectively in today's world economy". As accountants are being called upon to operate in growing spheres of business, further education is required to help them meet the responsibilities. While the move is not effective until August 2004, and therefore does not affect anyone currently on campus, major plans are currently in progress to help Sy Syms School of Business meet these new requirements.

Under the current system, Sy Syms has a CPA program, registered in Albany whose graduates are automatically considered qualified to sit for the CPA exam upon completion of the work requirement. The current curriculum requires 128 credits of which 29 credits are accounting courses. As a registered program, Sy Syms accounting majors do not have to go through an evaluation process to be allowed to take the CPA exam. Their accounting degree from YU is accepted.

In order to remain a registered program, Sy Syms will have to alter its requirements to adopt a 150 hour curriculum, by the year 2004.

The option currently being considered is to offer a 5-year program for a Masters Degree in Accounting. This new degree would serve as the fifth year necessary to fulfill the 150 hour requirement. The new additional courses being considered include; Advanced Financial Statements Analysis, Contemporary Issues in Accounting, Controllship and Auditing. Students will still have the option of graduating with the traditional bachelors in accounting, but it will no longer allow them to sit for the CPA. Already the AICPA is requiring that all partners in Accounting firms be CPA's who completed a 150-hour curriculum.

Dean Nierenberg outlined the proposed schedule as follows. A new curriculum is currently being formulated that will hopefully be submitted to Albany for approval by the end of the year. The next year will be spent making the necessary adjustments and changes dictated by the state. If all goes according to plan the new curriculum will be implemented as early as 2001. At that point students will have the option of the 5-year masters program or the 4-year bachelors program with the mandatory masters program going into effect by 2004. As a concession, the State is reducing the number of years of work experience required before taking the exam from 2 years to one. This in effect substitutes one year of coursework for a year of work experience.

The Exchange

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BOOK REVIEW

DEN OF THIEVES

BY: ELIJAH KAPLAN

The insider trading scandal that took place in the mid-1980's and culminated with the eventual sentencing of Michael Milken in 1990 is quite fascinating and intriguing. There were many people and institutions involved and affected by the scandal. James B. Stewart, a former reporter and front-page editor for The Wall Street Journal, takes us through the drama masterfully, providing lucid insight and revealing specific details in his new book.

In the first section of his book, *Above the Law*, Stewart describes to us the multi-armed monster that was the insider trading scandal. Martin Siegel, a young prodigy in the M&A Group at Kidder, Peabody & Co. was talking to Ivan Boesky, an arbitrageur. Arbs traditionally made their money by buying the stock of a target company and forcing the acquirer to raise its bid. This being the case, Boesky sought to take advantage of the kid at Kidder, Peabody & Co. Dennis B. Levine was an upstart, journeyman investment banker who did not show any promise for a successful future. He decided that he could make a name for himself by watching the tape, and avoid having to do any of the analytical work. Companies that were targeted in a takeover would often have a large volume of trades, and when Levine would see a company like this he would pitch the defense. He turned out to be fairly successful and had a decent eye, but there was not much room for someone like that in a firm, especially since he was obnoxious and rude. Not having charmed many people and with his intense desire to be accepted, Levine decided to go for broke and provide Boesky with information. He figured Boesky, a major player on the street, would like him, plus insider trading could make him a lot more money than investment banking could. Levine recruited other people into his scheme to divulge illegal information and to indulge in illegal profits. Among his new

recruits were Robert Wilkis at Lazard Freres, Ira Sokolow at Shearson Lehman and Ilan Reich at Wachtell, Lipton, Rosen & Katz. Aside from Seigel and Levine, Boesky was also talking with John Mulheren, another arb, and the infamous Michael Milken of Drexel Burnham Lambert, Inc.

Meanwhile, Kidder Peabody was struggling and decided to start an arbitrage department, which Seigel was to oversee. This would cause a breach in the Chinese wall, the definite distinction between an arbitrage group and the rest of the investment bank. Seigel used Robert Freeman, his contact at Goldman Sachs, to help get some information on the stocks most arbs were buying. This eventually led to the exchange of illegal information.

Stewart does an incredible job spelling out all the details of this enormous, illegal money-making machine, from the pseudonym "Mr. Diamond" that Levine used for his offshore account to the specific meeting places of Boesky and his informers.

The second section of the book, *The Chase*, depicts with precise accuracy the investigations, arrests, indictments, plea bargains and sentences of all these white-collar criminals. The investigation started with the arrest of Levine and the accusation that he obtained \$12.6 million in illegal profits. Boesky was then arrested and agreed to work undercover for the SEC in November of 1986. He gave up Seigel, who agreed to cooperate, and incidentally was the only person who truly showed remorse for his actions. After Seigel, Freeman and the arbs at Kidder naturally followed. Everything truly began to crumble in September of 1988 when the SEC accused Drexel, Milken and others of insider trading, stock manipulation, fraud and other securities laws violations. Milken was indicted on 98 counts of racketeering and securities fraud, and was finally sentenced to 10 years in jail in November of 1990.

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 seem silly, these other activities will help you appear as a well-rounded individual. In general, form yourself into a diverse person with unique experiences to help differentiate yourself from the crowd.

In Conclusion Graduate programs in business are very demanding. The admissions process is rigorous and challenging. While in school, the programs demand a heavy amount of schoolwork and teamwork. Yet, the learning that takes place in business school, both in the classroom and from your classmates is incredible. Plus, the people that are in the MBA program are all bright and interesting. They are fun,

ambitious and successful. The MBA provides not only an education, but also a network that will be with you for the rest of your life. It is a wonderful two years that cannot be duplicated anywhere else.

About the Author: Jennifer Kaplan is currently a second semester business school student at Columbia University. Prior to business school, she was an Equity Research Associate, analyzing the leisure goods industry. She received her CFA designation in June 1998. Last fall, she returned to business school as a career switcher, pursuing a career in Marketing. She will be working at Whitehall-Robins this summer as a Marketing Intern.

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 the paper efficiently and effectively. Kaplan was very excited about the promotion. "We plan to keep the YU related news to a minimum, that is what The Commentator is for. We hope to report on major business activities and events that should interest the students

of Sy Syms. David agreed and commented additionally. "There will be more research based academic articles on significant topics and issues relating to the business world." David and Elijah would both like to encourage all students and faculty to become involved with The Exchange.

In Defense of a Practical Major

By Professor Aaron Brown

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about that. But I do believe that making education irrelevant is an inefficient way to be conservative. People who like to protect ideas with barriers of tradition and uselessness do not trust their ideas. Strong ideas thrive under competition, all ideas wither under protectionism.

Getting back to YU, some people are afraid that too much practicality threatens the core values of the school. If students come here to get accounting training, or to collect a transcript that will impress a medical school, how seriously will they take their other studies? They will forget what a college degree is supposed to represent. YU will become an agglomeration of trade schools and turn out CPA's and pre-meds instead of educated people.

Anyone who buys that argument hasn't looked at tuition lately. Yes, college is a time of learning and growth. But it is also extraordinarily expensive in terms of money, time and effort. Only a tiny minority of families can afford to spend those things without hope of some practical return. And most people, even if they had the money to be useless, would prefer to take an active part in society.

That doesn't mean that every student should go after a Wall Street job. Society needs people in all fields of study and talented people will be successful in any field they choose. But there is no room for deliberate uselessness at YU. Dead languages are not superior to living ones, irrelevant authors are not more worthy of study than relevant ones, calculation does not destroy art. Ideas do not have to be obviously useful to be worthy of study, but they are not worthy of study merely because they are useless.

Moving on to the middle group of critics, those who feel practical education belongs outside a university, I suspect many would agree with me so far. They don't want to study the timeless classics, like conservatives, they want to be the avant garde, working with the newest and most radical ideas. Once an idea's value is generally appreciated, it becomes practical, and will be naturally supported by the marketplace. It has no more need of University support. It is the new ideas the University must incubate to stop society from stagnating.

This argument has a lot of merit, but it is only half the picture. A field that is only abstract and useless soon becomes sterile. Without some practical check, ideas can only be judged by appeal to other people in the field. There is no room for disagreement. No Galileo can perform a public experiment to disprove the conventional wisdom. So people of different opinions leave the field and everyone outside the field stops caring about it. The field only survives because it controls some journals and university positions.

A vibrant field has an active,

allied to a practical side that can arbitrate disputes. Individuals will specialize in one side or the other. For example, theoretical physicists look and talk like mathematicians, experimental physicists look and talk like mechanics. But they talk to each other, that's what makes physics a field worth studying. No beautiful idea can survive without the support of experiment, a spectacular experiment is just an anomaly until the theoreticians have explained it.

The merger of theory and practice has another consequence. Right and wrong answers to exam questions can be established by observation, they do not depend solely on opinion. This is an essential discipline for undergraduate education. Students should have lots of classes where performance depends on the ability to calculate specific and precise answers. Much of the hostility to practical majors comes from people who dislike doing that. Of course students should also have other classes where performance is measured by creativity and insight rather than calculation. But these classes should not be in different departments. Unless a field offers training in both aspects it is not developing minds to their full potential.

Even the study of something as intangible as religion should have a practical side. Yes, a Rabbi is expected to have great learning. But he is also expected to be able to comfort a bereaved person and help a confused person see the right path. If either of these skills were neglected, or if they were relegated to two different professions, the nature of Judaism would change. Of course an individual Rabbi might be better at the abstract or the practical side. But the Rabbinate as a whole can support such an individual because there are people to fill each function and they respect and support each other.

Earlier, I asked why YU should not offer a major in Auto Mechanics. If applicants could fix a faculty member's car instead of taking the SAT's we would open YU to students who would not otherwise qualify (and offer an important fringe benefit to the faculty). There would be no arguing about grades, either the student's car would run or it wouldn't.

The trouble is that there is no theoretical side to this field. But I could imagine one. Suppose that automobile mechanics involved questions important to theoretical physics, as mechanics did in the eighteenth century. Then there would be no reason to exclude it from YU. A lot of genetics research is little more than tedious manual labor. But it is taught in Universities because it is allied to an important theoretical field.

Some people might object that YU is supposed to train the lead-

ing have to do with that? My answer is another question. Suppose you have to cast a vote for President between two equally qualified candidates. The fact that one of them can fix cars I admit is not a major consideration. But suppose both are auto mechanics, would you rather vote for a good auto mechanic or a bad one?

The ability to do anything well is a general qualification. That is why people often vote for candidates who have a record of success in any field; sports, acting, space travel for examples; even though those fields do not require the same sorts of skills as running the government. You cannot win a gold medal in Olympic track by fooling people or stealing ideas or by political maneuvering. You have to be good. And if you're good at one thing, there's a chance you'll be good at another.

Leaders of society should understand society. They should have the intellectual tools to make decisions. They should have the personal qualities and character needed to lead. But they should also know how to succeed, how to do a good job at something where performance is tangible. That training can come in sports, in a laboratory, in volunteer work, in the Max Investment Club or somewhere else. But YU should offer some classroom opportunities for practical success.

This leaves us with the argument that science and business are too narrow to be really practical. Sure, employers like these majors but they'd like it if we discovered a way to drug employees to work 24 hours a day. Practical success in life is far more than getting a good starting salary.

I think this position is a special case of the common fallacy "some art is unpopular so if it's popular it can't be art." It is undoubtedly true that some important fields of study will never command top salaries, but that doesn't imply any field that pays well is unimportant.

I also disagree with the argument on empirical grounds. Differences in starting salary grow rather than shrink over time. And salary differences correlate with many other measures of worldly success such as high political office, major awards and accomplishments. Senators, generals, billionaires, Nobel-prize winners, best-selling novelists and even Olympic athletes both have a higher average level of education than their less successful colleagues in the same field and are more likely to have had a practical education. Yes, people rise to worldly heights with little education or with only an abstract education. But they have less of a chance than people with good practical educations. Ambitious people should seriously consider practical majors and, conversely, some opposition to practical majors is really opposition to worldly ambition.

Of course there are other measures of success that I left out.

raising a good family, being a good person? These are all more important than worldly success. But they are hard to measure. All I can say is that I have seen no evidence to suggest that a practical education interferes with these things or that an impractical education encourages them.

A final fallacy in this position is the belief that if X is uninteresting, the study of X must be uninteresting. For example, everyone agrees that stars and flowers are beautiful and fascinating. Therefore Astronomy and Botany have always seemed more intellectual than sciences like Chemistry with its bad smells and tedious measurement. Since everyone agrees that money is the least interesting thing possible (although this belief seldom extends to the contents of everyone's own bank account and wallet), Finance must be the least intellectual of pursuits.

But we study things not because they are important of themselves, but because they lead to valuable insights. Intellectual history is littered with profoundly interesting questions that had no interesting answers; and with dull questions that led to revolutionary discoveries. In a nutshell, impractical majors cling to the interesting questions, rehashing ground that has been argued a thousand different ways with no discernable progress; while practical majors are content to direct their efforts to dull questions that have advanced human knowledge and added to human happiness.

College education should do three things. It should give a broad overview of human knowledge. YU does this through various requirements. It should train the mind: memory, flexibility, openness and mental discipline. And it should teach important skills: communication, cooperation, research, analysis and computation. These last two tasks are primarily the job of advanced courses, and thus are mainly the responsibility of the major.

Many different majors, both practical and impractical, can do these two things well. So students will choose among them based on various factors. A few students will be so drawn to one field that they will study it regardless of the consequences. Other students will choose the most pleasant one to study, or the one with the easiest classes, or the one that impresses people the most, or the one with the most entertaining professors. But most students will conclude sensibly that you might as well get your training in a field that offers good opportunities after graduation.

If criticism of practical majors is based on the idea that they do not provide the necessary mental training or skills that a college graduate should have; then my response is that the business and science majors at YU do provide these things. If the criticism is based on anything else; then I



EDITORIAL

Interviews: Who Is The Last Man Standing?

Which of these experiences can you relate to, following an interview at a company? A) An ambiguous aftertaste B) Smiling from ear to ear C) Foaming at the mouth whispering: "The horror, the horror". What is so fascinating about what happens during interviews? What approach can best guarantee success? How do you deal with all the different interviewing styles? Were this article a "how to" approach, it would have been placed elsewhere; however I am interested in commenting on what I have seen students do, which, in my eyes has been effective, or perhaps self-destructive.

It is quite safe to assume that people know the basics - dress well, speak well, think effectively; those that don't are left out of this equation and should not feel shunned, but should rather seek "professional help" at the Office of Placement and Career Services, which will hereafter be referred to as OPCS. What I have to say is simply a personal opinion. This presentation can be expressed as an equation, with the interviewer on one side and you on the other. The goal, or "equal sign", is for the interviewer to see you for what you are, and for you to see him for what he's looking for. The more complex you make yourself, meaning the more depth or thoughtfulness you reflect in your personality, the better you express yourself, exponentially improves your presentation. People with a low sense of self-esteem usually fail at this immediately. Here is this opportune moment to tell someone: "Look at me! Give me attention! I can roll over AND play dead!", yet these people fail to do so. Advice for these people? Think about the best things you can say about yourself with regard to your relevant experiences and capabilities, and prepare the best way to express that. The next most important message following this is for those that read my past statement with casual disregard. Read it again. People who are successful at interviews assume nothing. Assuming that you're unprepared to talk about yourself signals you to overturn that very possibility with newfound motivation. If you're apathetic about your major or career, and boy have I seen the likes of those people around, I have one thing to say to you: change. If you don't care about your career, it'll show when you're asked questions like: "What was your favorite class?" "What do you see yourself doing in a few years?" Believe me, there's a point at which you can't fake it, and these people are trained bloodhounds. On a general note: If you are "privileged" enough to be asked these spontaneous, yet thoughtful questions, keep in mind that you can ask them for a few seconds to think about it; this not only does what it says, but it masks any hesitation under the cover of thoughtfulness.

The next type of message I have for students is to give yourself depth. Even the best answers to the hardest questions are sometimes not enough. Answering a question like "What is the most important qualities a worker needs to possess?" with the words "Motivation and knowledge" is one thing. However, by saying "Motivation, because if you're not interested in your job you won't perform as well or provide a good example to others, and knowledge, be-

cause the more you know, the more you are ahead of competition", that can be the dividing factor that separates the men from the boys. This is not to say one must be wordy; rather the point is to prove what you say, whether is by example or by definition. This shows an interviewer that you have passion for these very answers you give, that you care about what you say. Being concise is also a great virtue that should not go unmentioned.

An addendum to this rule of depth and expression should now be applied to your resume. You can have worked on the worst possible jobs, but you can turn this dirt into gold during your interview. This doesn't mean that your job last summer of changing bedpans for senior citizens is now going to be called "Health Care Management"; it means that flipping burgers may not have been the best job, but it taught you accountability and quality control. (It's not recommended that you flip burgers, so for a better job, I recommend you go to the OPCS. Read: Shameless plug). This can show an employer, that even though you may not have scored with a great job before, you maximized the learning potential out of it, show good adaptability and are sensitive to inconsequential labor. It makes them feel great to know that you give value to demeaning labor - this is no joke. When you show that flipping burgers was important to you because it was a necessary cog in the labor machine and mention how much more so for other jobs, it holds you up. (Keep in mind, that if you are flipping burgers during the summer, ask your boss for better quality work. Just my opinion.)

Now that you're somewhat ready to express yourself clearly about who you are as a worker and as a person, and can support the work you've done in the past, you're ready to tackle the interviewing styles. Note: There is no way to tell what type of interview you may get; sometimes you might get lucky, and sometimes not, so be prepared for any style. If you're going to have numerous interviews on a company's premises during one day, it's a safe bet that you'll have more than one style - these people are a far cry from stupid.

The first rule in sniffing out your hunter is determining what they do, since that may sometimes hold the key to what style they may be using. For instance, if they are from Human Resources, you'll most likely have a resume or behavioral interview, and not a technical interview.

Case A: The standard interviewer, also known as the unqualified interviewer

This is the rarest type of interviewer. I felt it was necessary to canonize this persona because there is something to be learned from even this style, which is simply: If you don't nail this kind of interview, you'll be sorry afterwards, not just because it may be easy, but because if you're in competition with others that day, they'll sense it and beat you to the punch, and you have just as much opportunity to beat them. This person will typically run down your resume and ask the most generic questions from your work: "Why did you pick

this school?", "How do you go about picking your major?", "What did you do in such and such a job?". These are questions that are predictable and that you can prepare for, and they give you the knowledge that the interviewer will give you the chance to have control in the interview through your own answers. These are the types of people that may let you talk about the things on your resume, even though he/she did not bring them up. It is an interview that can be beaten. I name it unqualified, because if you can prepare for this, you can be someone you're not, in which case, not only are you deceiving him/her, which is wrong, he/she is a party to it, hence the title "unqualified".

Case B: The resume interviewer

This interviewer can either be standard or more advanced. The easier version relies on a strict adherence to your resume as the sole testament to who you are, and simply asks you to highlight the contents on it that make you look good. If the interviewer runs out of questions, he/she may usually rely on grafting this style with a behavioral interview or a standard type (the "unqualified" interviewer). Since he's focusing on what you've done, you can counter it with what you'd do there. If he can match your background or needs with your previous experience - great job.

Case C: The behavioral interviewer

This type of interview relies on the hypothetical "What would you do in this situation?" form of questioning. This interview is tricky. The better details you give in your answers, the better you express your mode of action in solving problems of office subculture, the better idea they get about whether you fit their company atmosphere, and about how well you understand the "work ethic". The problem that most people face in these interviews is that as much as they talk and say "That's so easy to answer! I'll just tell them what they want to hear", which is what is what ALL arrogant students say about any interview, they are always stuck to answering with regard to their own personality. It's a fact. If it wasn't so, everyone who is unqualified will get a call back for the next round of interviews. The solution? Think about what the most important aspects of the workplace are, in terms of behavior, and practical work methods, and not only will you succeed once interview season arrives, you'll do wonders on your job (but there's no correlation between the above and improving your golf game).

Case D: The technical/analysis interviewer

This style should not be mistaken for the behavioral interview, specifically with regard to "analyzing" a work problem. This interviewer has the chance to go either way on the scale - he can be more technical and ask you to use financial or computer terms as practical examples, or he can use hypothetical situations, and infer from them the practical. Which is easier? It depends on what you know, although it's safe to say, when there is more emphasis on technical knowledge than on the analysis itself, you're more than likely to be stumped as these interviewers are most likely experts in their respective field. In this situation, you can

try to prepare for the interview, which may actually work and should be encouraged, since if you are aware of what position you're looking for, you're most likely open to what types of questions may be asked. The next solution to the technical interview is to always admit you ignorance when you don't know the answer. I have seen students often tell the tales of how they answered questions incorrectly and received looks of disapproval and confusion from the interviewer. They don't always expect you to know everything, and they sometimes even communicate that. When dealing with a general analysis question, never say no if you're stumped unless you are truly clueless. These questions are general so there is no reason not to give an answer, and if you follow that path of stupidity, that may give them the feeling that you're not trying your best. The best solution to this situation is to think of multiple solutions to this type of problem. Some of these questions don't have one possible answer, so multiple solutions are applauded by interviewers as it attests to your being open to other options, and they will subsequently infer from you that you are open to other opinions and don't show bias. This also helps you because though there may be numerous answers to a problem, an interviewer may sometimes look for a particular answer, and if they only have one in mind, coming up with a new idea can always impress someone.

Case E: The relaxing interviewer

This interviewer doesn't play by the rules. He/she will not ask you what's on your resume, or how to solve a financial calculation. These people will just sit back, relax, and let you take the reigns, under their supervision. They may talk about sports, movies, or even graduate school. These people want to know what you are like personally, that you can handle a conversation on a moderate intellectual level, that you are socially adept, and that you can be easy to work with. It is here that any minor eccentricities in your personality can be seen and magnified. If you are too excited about something, or perhaps apathetic, you're vulnerable to social blunders, like raising your voice, expressing bias over an idea because of personal reasons, or showing contempt for a topic which you may not be fully aware of factually. This is also an interview where you can take control. It's not as simple, because if the interviewer asks you to give an example of something, and you can't figure out what to talk about, you're out of conversational ammunition, and that's dangerous. A solution to this style of interviewing, one that can be applied to all styles of interviewing is to turn the tables on the other person, but by no means aggressively. Ask them what they do on their job and what they like or hate about it. Ask them what the company culture is like. This not only gives you things to talk about, it shows that you are proactive; you are eager to hear from the pros. It also makes them feel happier since they get to enjoy talking about themselves, a situation you can learn from if you pay close attention.

There may be other hybrid interviews which combine the above styles, but these are the styles in their purest form. Good Luck!

In Defense of a Practical Major

by Professor Aaron Brown

There has been a lot of campus discussion about the merits of practical majors. It has even been suggested that the only reason they exist at YU is so that some graduates can earn money and donate it to support the school's real educational mission.

Why would anyone oppose a practical major? "Practical" means only that the value of that education can be demonstrated in tangible terms. A Practical education allows the student to do useful things, employers will pay extra money for it, professional schools prefer it. What could be the problem?

Some people would agree that a practical education is good, but they would disagree that majors like Finance or Biology are practical. These majors might get students a higher income in the first few years out of school, but a knowledge of history or an appreciation of poetry can bestow wisdom and happiness throughout life. This view supports a practical major but would argue that careerist majors are too narrow in what they consider useful.

A stronger stance opposes practical majors because universities should teach a more abstract and deeper truth. After all, YU does not offer majors in Cooking, Auto Repair or Comparison Shopping. While these skills are undeniably useful, they are better taught outside a university. College graduates should know how to think, research, analyze and com-

municate. There is nothing wrong with a practical education; it just doesn't belong in a university.

The most radical stance actually holds that practical education is bad. This is the hardest position to understand, yet it underlies a lot of the distaste for business and science education. Therefore it makes a natural starting-point for the defense of practical majors.

The top jobs in society have traditionally been reserved for graduates of the top universities. If these universities required practical skills for admission, and taught these skills in the curriculum, then the ablest people would rise to the top of society. On the other hand, if universities specialized in useless knowledge, admission and graduation could be more easily restricted to the right social class.

Learning a language, for example, is a profoundly educational experience. It trains the mind and broadens it. It exposes the student to a wider culture and literature. It deepens knowledge and appreciation of his or her first language. These benefits accrue whether it is a dead or living language studied.

But a living language is also practical. It allows the student to communicate with more people more effectively. It can help get a job or lead to success in other endeavors. Learning a dead language is not as useful. Two generations ago, top universities required knowledge of Greek and Latin

for admission and required study of these languages afterward. Their curriculum also contained heavy doses of art, literature and theology that were outmoded even at the time. Someone of doubtful social background could not afford such a useless education. They needed modern languages or science or a profession in order to make their way in the world. So the top jobs in society went to the sons of the people who had them in the last generation. By claiming virtue for uselessness, anyone who had to earn a living was excluded from the elite. Not only was it pleasant for young gentlemen to be excluded from anything related to manual labor or making money, it allowed easy identification of the right people.

While no one would support such a system today, its vestiges are with us. Studying Greek and Latin still seems more intellectual than studying Spanish and Chinese. A college student is far more likely to read Virgil, Milton, Descartes and Hardy; authors who could all turn a nice phrase but are impossibly dull and irrelevant; than Euclid, Bacon, Newton or Huxley; brilliant writers who actually have important things to say. Many students are still exposed to theories of art, music, literature and architecture that were already stodgy when they were born 200 years ago. Such a system is conservative. Not merely in the education itself, but in its effect on society. Now conservatism is neither good nor bad of itself,

it depends on what you are conserving. While few people would condone conserving religious discrimination or class prejudice, useless education is also used to conserve things of value. Law is a good example. Law schools are often criticized for having entrance requirements that exclude many effective advocates in favor of upper middle class college graduates. Most of the classes taken in law school are irrelevant to the practice of law. Instead of requiring four years of college, for example, what if schools required a two-year degree and two years of experience in the justice system? And instead of courses in general legal theory rehashing cases from the nineteenth century, how about more practical instruction on how to resolve disputes and protect rights? Such a system might result in better, cheaper legal services. Certainly, more poor people would be able to go to law school. But would the lawyers produced by such a system have an intense belief in civil rights and the rule of law? Who can predict the consequence of jettisoning Constitutional Law in favor of classes such as Marketing for Personal Injury Attorneys, Using High Profile Cases as a Springboard to Public Office and the all-important Office Politics of the Corporate Law Firm? Someone might argue that the irrelevant aspects of law school act to conserve the important values of the legal profession.

I have no strong opinions

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