

Alumni Notes

By James Morris

Junaid Ahmed, '96, works with the BBC World Service in London, UK as a news and current affairs producer. He got married in August 1999 and is currently doing a part time Master's in International Relations.

Gwen Alexander, '96, will finish her Ph.D. in Economics this spring at the University of Maryland, College Park. In August, she will be moving to New York City to take an Assistant Professor position at Fordham University. There, she will be teaching principles of microeconomics and development economics at the undergraduate level, and math economics and development at the graduate level. Gwen recalls looking for an academic job as "a draining experience (except for that dinner with Dr. Leekley and Dr. Seeborg on Bourbon St. - we met at the American Economic Association meetings in January). However, it was worth it - I have a job that I really believe I'll enjoy. I think that the reason why I was so drawn to Fordham is because it reminded me so much of IWU, with its small classes & friendly faculty."

David Antolik, '97, is enjoying working for Pheonix Equity Partners - London, UK.

Jaynanne Calaway, '99, is a consultant for Towers Perrin, a human resource management and actuarial consulting firm. She explains her job by saying, "I actually work in 2 different lines of business: (1) Executive Compensation and (2) People Performance Solutions (compensation, strategic staffing, employee communications, change management, organizational strategy & development)." Jaynanne regards IWU as a second home, "...filled with lots of wonderful memories of academic, social and personal growth. Many of my best friends yet today are friends and professors I met at IWU."

Faizal Chaudhury, '96, is just about to celebrate 5 years in public accounting. (Yikes!) He is a 3rd year Senior Auditor with Ernst & Young in Chicago. Faizal did a residency with the M&A Due Diligence group of Ernst and Young last summer and is currently contemplating a move to that group in the near future.

Dimitrius Dakakas, '97 has finished his MA in Agriculture and Resource Economics at the University of Tennessee - Knoxville. He is now back in Greece to pursue a PhD in derivatives and options at the University of Macedonia in Thessaloniki (UOM).

Justin Etnyre, '99, works for Ronald J. Krumm and Associates, a strategic marketing firm for membership based portfolios (credit cards, etc), as a Data Analyst. His position takes on different roles depending on the day including programming in SAS, creating client reports, creating client presentations, profiling client's portfolios, and data exploration. Justin has some big news for us, "I am getting married to Amber Johnson, class of 2001, in May of this year."

Paul Halley, '94, is the Product Manager of ERP software at SAP. He and his wife, Diana Halley Johnson, '94, are expecting their first child this July.

Jennifer Heskett, '97, is currently a Programmer/Analyst for a retail jewelry company in the Chicago Loop. Looking back on her education, "I have not once utilized any of those economic models and theories that I studied; however, the analytical skills I developed as an economics major helped me get my foot in the door of the IT industry." Jennifer would like to say, "Best wishes to all the graduating seniors."

Pat Holly, '99, is a Quality Assurance Manager for Hewitt Associates. Essentially, this job consists of making sure things work before they are implemented (internet sites, system data storage and accuracy, etc).

According to Pat, "...lots of time is spent on Cost/Benefit analysis, especially in the planning stages - Something Dr. Leekley would like to hear in his Public Finance class." Pat recently had a happy change in his life, "I married this past September to another IWU alum, Theresa Trost ('99), now Theresa Holly."

Jaclyn Hood, '99, is currently with Hewitt Associates as a Business Analyst.

Kimberly (Nelson) Lawson, '96, is in the field of Project Management at Hewitt Associates, a Benefits Consulting firm. She married in 1998, but reports: "No kids, no pets - yet," and she says she is looking to move to the San Francisco area this fall.

Kris Kaneta, '00, is currently is working at Wells Fargo Financial as a Credit Manager in the Palatine office. His advice for Econ majors is, "take as many economics classes as possible because they're all different and while you may not be able to apply everything to the real world, you certainly start to view the world a little differently. Also take econometrics, if it hasn't already been made a requirement, and research honors if you can."

Nathan Knuffman, '98, has completed a Masters in Public Policy program at the University of Maryland, specializing in Environmental policy. He is now working at the office of Management and Budget in Washington, D.C.

Richard Koenig, '89, is the Executive Director of the Interfaith Housing Development Corporation, a non-profit that develops affordable housing in Chicago's northern suburbs in which Richard has developed about \$16 million worth of affordable housing units in the past three years. He has a Masters in Urban Planning from the University of Illinois and emphasizes that his background in Economics [from IWU] really helped prepare him for his career. He currently resides in Chicago with his wife Sheri who is corporate controller for an international software development company.

Elizabeth Kowalski, '00, is working for Russell Reynolds Associates, an executive search firm, doing

research in their financial services practice.

Steve Krull, '98, has been working at Stein Roe & Farnham since graduation. He is currently the Leveraged Loan Trader in the Leveraged Loan Group of the Fixed Income Department, and says that his degree in economics from IWU has been extremely useful (especially the Money and Banking class). He recently bought a condo on Lake Shore Drive in Chicago and got engaged.

Robin Meers, '00, is working as an underwriter for Modern Woodmen of America - a fraternal like insurance company in Moline.

Bryan C. McCannon, '98, is finishing his third year as a Ph.D. candidate in Economics at Penn State University. He has completed all field exams specializing in Game Theory and Industrial Organization and is working on papers dealing with the theory of product differentiation and product quality. He is also working as an instructor at Penn State teaching Introductory Macroeconomics.

David Rudd, '96, earned an MS in Foreign service from Georgetown University in 1997. He was an Inside Sales Representative for American President Lines, Limited, from 1998 to 2000. He is now an Inside Sales Representative for Technology Builders.

Guerric Russell, '97, graduated from Hofstra University School of Law last May and is now working for a mid-sized law firm on Wall Street. Interestingly, he is primarily involved in the area of admiralty and maritime law, which covers anything that happens out on a body of water. He is admitted to practice in New York and his admission into the New Jersey Bar is currently pending. Guerric now lives in Hoboken, New Jersey, and is "having a lot of fun finally being out of school."

Anjali Shah, '98, is currently working for the U.S. Department of Education as a Financial Analyst. She's also enrolled in accounting classes so she can sit for the CPA exam, and hopes to enroll in an MBA program within the next two years. Her work keeps her very busy with various audit/projects, including

work for Senator Fred Thompson regarding the 2000 campaign. "Since college, I've been busy traveling the world, including London, the US Virgin Islands, Egypt, Hawaii, Morocco, and Paris."

Thomas M. Smith, Ph.D., '92, is currently working at National-Louis University, researching: the Study of Non-Profit Dance in the United States, Funded by the National Endowment for the Arts, The Relationship Between Volunteering and Childhood Arts Education, The Motivation to Moonlight: Dual Job Holding Behavior Among Professionals, Occupational Mobility of Artists, and Occupational Mobility of Immigrants. Tom says the strengths of the economics program at IWU are "the accessibility of professors and the mix of classes that are offered (as well as required). In addition, the professors encouraged me to engage in research that was interesting to me."

Larry Stimpert, '80, is a faculty member in the Economics and Business Department at Colorado College. He and his wife have a son, Connor, who just turned one. Larry's answer to what's exciting in his life: "We're having a blast as parents!"

Ming Sun Wan, '96, pursued the stock brokerage industry upon graduation and moved to New York to be a trader for Asian markets and worked in NYC for 4 years. Last year he moved to Singapore to be the Vice President and Head of Asian Sales Trading with Prudential Securities Asia. Ming regards his time at IWU favorably, "I really enjoyed IWU as the environment was pleasant and there was a sense of belonging among the living halls as well as good faculty/student relations."

Gnanika Wijyaratne (Suriarachchi), '94, is currently attending graduate school at Texas A&M University, College Station, TX and seeking an MS in Human Resource Management. She will graduate in May, 2001. Gnanika has some exciting news - she and her husband Ravi became the parents of a baby boy, Niviru, on January 19, 2001. After graduation they will be moving to CA, and she will start work with Chevron Corporation, in San Ramon, CA.

The Class of 2001

By Alison Oliver

Sabeen Ali is an economics major and political science minor from Pakistan. Her senior project was on the IMF's solution for the financial meltdown in Thailand, beginning in 1997. She graduated in December 2000 and is now living out her dream, working as a consultant for Ernst and Young.

Ketan Amin is an economics and biology double major from Mattoon, IL. He wrote his senior project on income inequality and its relation to health. He was able to positively correlate high-income inequality with low levels of health in a country. He will be attending medical school after graduation, where he hopes to attain the skills to pursue his ideal job as a doctor in the suburbs. His most memorable moment at IWU was when the Economics Society defeated the Accounting Society at bowling.

Pritam Banerjee is an economics major from Calcutta, India. He wrote his senior project on the Effectiveness of Regional Integration in developing countries. Following graduation he hopes to get involved in development work or emerging markets, and then attend graduate school for further study in economics.

Lisa Birr is an economics and business administration double major from Elgin, IL. She wrote her senior project on the effectiveness of the Federal Deposit Insurance Corporation Improvement Act of 1991. She will be working in Peoria, IL for Caterpillar as a Pricing Analyst following graduation. Her ideal job would be working in Finance and Investments. Her two most favorable moments were Dr. Seeborg's "crazy" driving to an economics conference at Western Illinois University, and the one day when he cancelled senior seminar.

Tamara Davis is an economics major and business minor from Tremont, IL.

Julie Dusek is an economics and accounting double major from Bolingbrook, IL. She wrote her senior project on the determinants of divorce for men and women. She will be working in the tax department at Arthur Anderson in Chicago following graduation. Her most memorable Econ memory is listening to Alan Greenspan, while working at the Federal Reserve Bank.

Alicia Lange is an economics and psychology double major from Orland Park, IL. She wrote her senior project on the family gap, why mothers earn less than women without children. She plans to work in the Chicago area following graduation, and then pursue an MBA. Her ideal job would be a consultant or a position in human resources or market research.

Esteban Lizano is an economics and business double major, and a math minor from Costa Rica. He wrote his senior project on the factors of production that contribute the most to GDP growth. His plan for after graduation is to work as a consultant for Cap Gemini Ernst and Young. His most memorable moment is bowling with Professor Leekley and Dr. Seeborg.

Amber Munday is an economics major and sociology minor from Creve Coeur, IL. She did her senior project on the racial differences in IQ test scores, where she looked specifically at the effects of different neighborhoods. Immediately following graduation, she will be traveling to Tokyo, and then will continue her search for the ideal career. Her most memorable moments were bowling with the professors and joining the Economics department at Mugsy's.

Naveen Nallapareddy is an economics major from Flossmoor, IL.

Adam Palmer is an economics major from Naperville, IL. He wrote his senior project on the

determinants of U.S. agricultural exports to China. He plans on going into the U.S. Navy following graduation. His ideal job would to play baseball professionally. His most memorable moment was Naveen's senior project presentation.

Kenneth Perry is an economics and political science double major from Orland Park, IL. He wrote his senior project on the benefits that communities receive from the funding of sports stadiums by state and local governments. He plans to attend law school after graduation. His ideal job would be to run his own sports management and consulting firm.

Ryan Priess is an economics major from Naperville, IL.

David Rasho is an economics and business administration double major from Forsyth, IL. He wrote his senior project on a 100% reserve gold standard. He will be working as an analyst at R.J. Krumm and Associates in Oak Park following graduation.

Nicole Skalski is an economics and business administration double major, and Spanish minor from Flossmoor, IL. She wrote her senior project on the wage differentials of the contingent workforce. She will be working in the Internal Audit Department at the Federal Reserve Bank in Chicago after graduation. Her most memorable moment was when the Economics Society beat the Accounting Society at bowling.

Michelle Stone is an economics and political science double major, and an International studies minor from Hoffman Estates, IL. Her senior project involved the

effect of militarization on development in India. After graduation she will be attending Georgia School of Law where she will study International Business Law. She will always remember "how statistics put the fear of God in me, but I won out in the end!"

Steven Strnad is an economics and International business double major from Wheaton, IL. He wrote his senior project on the return differential between managed funds and index funds. He will be joining PriceWaterhouseCoopers as a consultant after graduation.

Yuet Wen Wan is an economics major from Malaysia. She wrote her senior project on a case of the Phillips curve in the European Monetary Union. She looked specifically at the inflation rate as one of the 'convergence criteria' and it's effect on unemployment. Following graduation, she will be working as an Associate at Towers Perrin in the Executive Compensation and the People Performance Solutions lines of business. Her most memorable moment is when Dr. Seeborg drove down to Western Illinois University for a conference, and on the way home willingly slowed down to see "Purple Pride" at a local bar.

Amanda Watson is an economics and political science double major from Normal, IL. Following graduation she plans on attending law school. Her ideal job is to be Governor of Illinois. Her most memorable moment was turning in her Econometrics final.

Alumni Profile:

An Interview with Mark A. Israel

By James Morris

Mark is currently an Assistant Professor in the Management and Strategy Department at the Kellogg Graduate School of Management, Northwestern University. His job consists of ongoing research in empirical industrial organization, as well as teaching 3-4 courses per year in the MBA program there. He paid a visit to campus first semester and gave a presentation to students and faculty of the Economics department. Mark was kind enough to take time out of his very busy schedule to let me interview him over spring break. Here's what he had to say:

James: How has your IWU education helped you throughout your career?

Mark: An undergraduate economics major is very helpful for working in the field. My time at IWU taught me the core economic ideas -- how incentives impact behavior, how firms set prices in competitive situations, how regulation impacts market outcomes -- that I used in everything I did at State Farm. Graduate work in economics still uses the same ideas, but it's much more mathematical and focused on rigorously proving each detail- my undergraduate economics degree helped me keep my eye on the key questions, and helped a lot when I began to formulate my own research, but in my first couple years I had to struggle a lot to keep up with the math, even with a math minor at IWU. (Ultimately, Mark's math skills worked out, as he ended up teaching math to the incoming PhD students at Stanford!)

James: Seeing that you have recently been through the entire range of higher education, what advice do you have for students concerning when to go to grad school?

Mark: It depends on what type of degree you are pursuing. If you're getting an MBA you basically have to work for a few years. For a Ph.D., the standard advice is to go straight through, because the type of work you do to get a Ph.D. is nothing like what you'd do at a job, so the experience doesn't help as much. A Ph.D. requires a ton of self-discipline and motivation, and a few extra years of maturing is a big help. If you're at all unsure, I'd go work for a few years and see what becomes of that. Then, if you really want to go do research -- which is what a Ph.D. is all about -- you can go back and be more committed to your decision.

James: What area did you focus on in graduate school?

Mark: My major area of study was empirical industrial organization. Industrial organization is the study of how firms compete, how consumer's choose firms, etc. Empirical just means I looked at real data, rather than doing pure theory. My secondary focus was econometrics.

James: Why did you decide to go back for your Ph.D. in economics?

Mark: I expected to get a Ph.D. in economics pretty much from the time I started at IWU. My parents are both Ph.D.'s (in history and education), so I guess it's in my blood. And, I just really like the core questions of economics and I wanted to have a chance to identify those topics that were most interesting to me and research

them. So, I went to UW Madison right out of school with the intention of getting a Ph.D. there. But after one year and a Master's Degree, I just wasn't sure and I really didn't like the program there. Plus with both my parents being academics, I had never really known any other type of work. So, I decided to go into the "real world" for a few years. And while I had a great experience at State Farm, the desire to do my own research never went away. So after three years there, I re-applied to places, and with the master's degree plus a recommendation from Art Goldberger - a well-known economist from Wisconsin -- I got into Stanford.

James: You mentioned working at State Farm. What did you do while you were there?

Mark: Basically, I did economic research about urban insurance markets. State Farm felt the need to sell more insurance to inner-city residents, so my job was to identify areas where they could profitably place agents, to help them better understand State Farm's current sales performance in different cities, etc. And I loved that. But as much as I liked it, doing that research convinced me to go get a Ph.D. In academics, I could continue with research like that, but the topics, the methods, the findings, and everything else would be up to me. That's the best thing about doing academic research.

James: So you decided you wanted to go back and do research, how did you choose to go to teach at Northwestern?

Mark: Kellogg is just such a great place. I'm surrounded by people in the Management and Strategy Department who are interested in similar topics to what I do, but there's enough diversity to keep things fresh. And when you add the other departments in Kellogg, plus the economics department, which is in our building, it's just a great intellectual community. To some extent that was also true at the other places I seriously considered -- namely MIT's Sloan School, and UCLA's economics department. In the end, it came down to Chicago -- my wife and I both love the city, we both have family and friends here and in the Midwest generally, so this was the best spot for us.

James: What is it that you enjoy about teaching?

Mark: Nearly everything, mostly the interaction with students with lots of different backgrounds that I can learn from. When the classes start, they have very different perspectives. By the end of class, they still keep their fresh views, but they're able to couch them in the language of business strategy and economics and have very good, intelligent discussions with me and the other students. That's fun to see. And I just like spending time with the smart, friendly students that Kellogg attracts.

James: What are some of your current research interests?

Mark: My research focuses on long-term consumer-firm relationships. Most work on consumer choice and competition between firms is very static -- firms set prices, consumers pick the best firm, and that's the end of the story. But in the real world, consumers purchase products over and over again. And in many markets, they maintain long standing purchasing relationships with one firm. Examples of this are insurance, banking, health care, telecommunications, etc. So, I'm interested in what generates these long-term relationships, how experiences during the relationship impact future purchase choices, how firm strategies are designed to foster new relationships or take advantage of existing ones, etc. This raises some new econometric issues; so much of my work is methodological as well, trying to overcome these issues.

James: As we wrap up the interview, do you have any advice for students majoring in economics and/or looking to go to graduate school?

Mark: Mostly what I've already said. To prepare yourself for graduate school, take a ton of math. But be sure to take advantage of the liberal arts education at IWU -- don't spend all of your time preparing for grad school. Take other unrelated classes that sound good, and have some fun. There will be plenty of time to do nothing but work when you get into a Ph.D. program. And, be sure it's what you want, perhaps by working for a few years first.

James: Thanks for spending so much time corresponding with me; the entire IWU community thanks you. Mark Israel everybody!

Eckley Brings Experience to the Student Investor

By J. Wesley Dyke

Knowledge gained from experience is perhaps the most important tool that an investor can equip themselves with. Do you see value in listening to someone that was a past Federal Reserve Bank and Brookings Institution economist; chief economist for the world leader in heavy machinery; director for an industry leading insurance company; student of such familiar names as Shumpeter, Leontief, and Samuelson; and president of a well-respected liberal arts school in Bloomington, IL? I hope you do. I can say with certainty that the 16 individuals in Dr. Robert Eckley's BUS 409 Portfolio Management class are acquiring all the information they can from such an accomplished individual.

Dr. Robert Eckley joined the faculty of Illinois Wesleyan again this semester, this time as the instructor of the highly demanded Portfolio Management class. Prior to joining the Spring 2001 lineup, he has served in numerous other capacities, many of which are goals for our students at IWU. Dr. Eckley attended Bradley University at the outset of World War II. After trying a couple different routes, he enlisted in the US Coast Guard as an engineering officer and served for three years in the war. Following service, he received his MBA from the University of Minnesota and returned to Bradley to teach.

In 1946, Dr. Eckley set out for the hallowed halls of Harvard University to work towards his doctorate in economic history. Working alongside many influential economists as mentioned above, he received his Ph.D. in 1949. Academia claimed his expertise once again, this time at the University of Kansas. The classroom was not where he was to stay for too long, however, as he assumed an

economist's role at the Federal Reserve Bank of Kansas City. Did he publish any research? An intelligent guess would elicit a positive response, but how about guessing eight articles, three of which were republished? Those probably aren't the figures that initially came to mind.

The next fortunate claimant to his abilities and talents was the big "black-and-yellow," Caterpillar. Eckley became Caterpillar's first chief economist and was responsible for an incredible amount of growth and forward progress in the history of the company. Serving Caterpillar for fourteen years, he was able to implement an economic research group, develop global trade and strategy, shape production and capacity, rework and solidify pricing policies, and steer the company through a potentially significant downturn following a highway funds cut under the Johnson administration. While at Caterpillar, Eckley authored a 1966 article on company action to stabilize employment. It was the lead article in an edition of the Harvard Business Review.

"Eckley became Caterpillar's first chief economist and was responsible for an incredible amount of growth and forward progress in the history of the company."

It is at this point in his career that we at Illinois Wesleyan can clearly recognize his success. Eckley left Caterpillar and came to IWU to serve as president of the university. Over the course of 18 years, he worked on such facets of our institution as faculty improvement, endowment expansion, and board building that incorporated recognized business executives into the development process of the school. While in Bloomington, Eckley also served on the board of State Farm Insurance for 27 years. Dr. Eckley exited the university upon "retirement" ... retirement that took him to Washington, D.C. to serve at the Brookings Institution of economic research.

Drawing from experience, he published another two articles. One article was on the competitive capabilities of liberal arts institutions and the other was on the economic conditions facing Caterpillar in the early 1980's.

Further advancing his publishing achievements, Eckley wrote two books; one titled *Global Competition in Capital Goods: An American Perspective*; the other a memoir of his time at IWU entitled *Pictures at an Exhibition, 1968-86*. Eckley continues to advance his accomplishments by working closely with State Farm CEO Edward Rust on K-12 education reform measures pushing for accountability and seeking how to educate more effectively. As noted, likely for the purpose of the ultimate achievement (or a comparable feat), Dr. Eckley instructed the BUS 409 Portfolio class this spring. It is a fabulous opportunity and absolute honor for the students to receive such experienced instruction on the topic of investment analysis and portfolio building. I know from discussion with faculty and his students that his time here has been appreciated and that classroom experiences like his are the ones that brought many of us to IWU.

The Economics Department Brings Another Professor Aboard

By Kory Blumer

Diego Mendez-Carbajo is the newest addition to the economics department here at Illinois Wesleyan University. His journey to Illinois Wesleyan, however, started from afar to say the least. Mendez has lived in Madrid, Spain almost all his life. He received his primary and secondary education in Madrid as well as attending the University of Autonomia (in Madrid) where he received a Bachelor of Arts in Economics. Mendez then completed his first year of the Ph.D. program in Economics at the same university before moving on to Florida International University in Miami to further his education. Three years later at FIU, in April 1998, Mendez received a Master of Arts in Economics. In November of '99, after extensive research, Mendez made a "nerve-racking" presentation at Georgetown University in Washington, D.C. His presentation, entitled "Economic Integration Under the Presence of Input-Generated Externalities", looked at the positive and negative consequences of countries coming together to form economic unions. In order to analyze the consequences, Mendez and his colleagues formed a model that made assumptions and simplified the complexities of integration. They concluded that although the process itself has its ups and downs, the overall economic effect is positive. According to their research, integration will minimize waste, eliminate duplication, and increase GDP per capita for the participating parties. In April 2000, Mendez was awarded a Ph.D. in Economics, with international macroeconomics as his field of research.

So why did Dr. Mendez come to Bloomington, Illinois? His reasoning was simple--"To get a job." But of course, there were other factors for his decision. Mendez turned down jobs at bigger

schools because he likes Illinois Wesleyan's small size and high-quality education. He also enjoys the many social and academic resources available to the students and faculty, and the fact that Bloomington is only two hours away from Chicago where Mendez frequently visits to "walk around downtown and eat

some Japanese food." Moreover, Mendez gets along well with other faculty members and is good friends with several professors, such as office-neighbor and second-year professor Dr. Ilaria Ossella-Durbal.

Mendez is very appreciative of the cordiality

of Illinois Wesleyan's students, and he feels that the students "know what they are talking about" and are always "on the money" during in-class discussions. Mendez provides a casual atmosphere with his students and his "door is always open to talk about anything." As a former college student himself, Mendez is grateful for the strong relationships that he built with his professors. Now, as a professor, he wants to give his students something that he once received.

Mendez does have an off-campus life, believe it or not. When away from the classroom he enjoys listening to Opera music. In fact, he plans to get season tickets for the Opera in Chicago, when he finds the time. He also likes to keep up with his favorite "futbol" team, Real Madrid, who are once again making a run at the European Cup. Mendez was an umpire for a semi-professional futbol league back in Spain. In addition, he tries to catch an episode or two of "Friends", "ER", and "Law and Order", although he stays busy at night preparing for classes and presentations. However, Diego always finds time to see "The Daily News" with Jon Stewart on Comedy Central.

"Mendez is grateful for the strong relationships that he built with his professors. Now, as a professor, he wants to give his students something that he once received."

Exploring the Boundaries

By Jamie Davenport

Andrew Postlewaite '65 is a professor of economics, finance, public policy, and management at the Wharton School of Business at the University of Pennsylvania. He began his teaching career at the University of Illinois and then moved to Stanford Business School, Princeton University, and the University of California, San Diego before his current position at the University of Pennsylvania. This year, Dr. Postlewaite was the featured speaker at the annual Omicron Delta Epsilon initiation banquet.

Dr. Postlewaite's presentation focused on the argument that preferences over goods and services that are typically taken as given and exogenous in most economic models are social constructions that are endogenous in more primitive models. Early economists were interested in human behavior and one hundred years ago the division began among economics and sociology in terms of the questions asked and problems answered. Sociological concerns and psychological components are essential in explaining economic behavior and must be incorporated in economic models.

Postlewaite began by explaining the "Lancastrian" point of view in which people care about a few basic things: they want to eat and procreate, they want to be safe and secure, they want to be protected from the elements, and they want these same things for their children. From this, economists develop utility functions that convert goods to satisfaction of our basic needs. Dr. Postlewaite

emphasized that this satisfaction is not exogenous and fixed, but is instead a social construction and gave several examples to support his theory. Single men in the U.S. making greater than \$40,000 a year spend twice as much on clothing as single men with average earnings. The purpose of the bulk of clothing is not only a necessity, but also to influence others' opinions of us. Consumption is not only for basic needs, as Postlewaite said, "People don't buy Rolex watches to tell time, and there would be far less money spent on vacations if there were a law against telling people where you went when you got back home."

In addition, Dr. Postlewaite emphasized that we should never expect markets to be the sole mechanism for respect, the desire for mates, and the approbation of others in the community. The recognition of being valedictorian could be auctioned off in a market but doing so diminishes the value and prestige of such recognition.

Because our social environment plays such an instrumental role in our economic behavior, it is necessary to put these factors into the utility function. The concern of economists; however, is that if factors such as status are included in utility functions, it would be impossible to explain anything. Postlewaite believes, however, that it is possible to incorporate social arrangements into economic models without losing the discipline that standard economic modeling provides and that we must include social arrangements in order to understand economic behavior in many economic situations