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Mgr. Subscription Service: T.M. York
60 Fifth Ave., New York, N.Y. 10011

Paid Circulation Over 625,000

FOUNDED 1917 BY B. C. FORBES (1880-1954)

Side Lines

77, 29—and Our 24th

HERE is FORBES' 24th Annual Report on American Industry, the culmination of 12 months' hard researching, writing and reporting on all aspects of U.S. business in the Year of the Devaluation. All of FORBES' resources were marshalled for the task: computers; statisticians; the bureaus; and virtually every one of our writers, reporters and editors. The task of planning and executing this issue fell to a small group: Howard Rudnitsky, who was editor of the issue; Donald Popp, statistical editor, and his assistant, Jerome Fischer; Production Manager John Romeo. But perhaps the busiest man in the place was James Henderson, our chief proofreader. He and his staff had to pore carefully through something like 10,000 individual figures and around 70,000 words of fairly technical verbiage.

A suitably philosophical accompaniment to the reams of statistics and commentaries in this issue is The Money Men feature that starts on page 89. It is about Benjamin Graham, the dean of living security analysts and money managers.

In one of the few interviews he has given in recent years, Graham talked for hours with Frank Lalli, our Los Angeles bureau chief. Graham and Lalli make an interesting contrast. Graham is 77, skeptical and scholarly (he has translated Latin poetry as a hobby). Lalli is 29—nearly a half century younger—long-haired, curious and eager. After the interview, we asked Lalli for his personal impressions of Graham. Lalli said: "If I had only a single adjective to use for Graham, I'd choose 'realist.' He has no illusions about himself or his fellow men, and this explains a good deal about his stock market theories. Distrusting predictions and what is loosely called 'genius,' he came up with an investment approach that could be anchored in reality, in statistics, to money actually in the till and real brick and real mortar. No fancy concepts. No growth that goes on forever. An approach that, in limiting risks, also limits, somewhat, opportunities."

Had he become a convert? we asked Lalli.

"The problem with Graham's approach is that it comes smack against the fact that most people are born dreamers. Inside, they're convinced they ought to be richer than fate has made them, and that the stock market is the place to prove themselves.

"Of course Graham knows this, too. Near the end of the interview, he was posing for photos. The photographer remarked that he enjoyed playing the market; a much better gamble than the horses.

"To my surprise, Graham didn't lecture him. He agreed, citing statistics that the odds are better on Wall Street than at the track.

"Graham approved because the photographer wasn't kidding himself; he didn't pretend to be an investor. That is what Graham is warning against: people who gamble and call it investing." ■



Graham



Lalli