



SUMMER READING WORTH INVESTING IN?

BY ROBERT BARKER rb@businessweek.com

IF ONLY WE COULD READ our way to wealth. Then, by my calculations, I would've turned the pages of enough become-a-better-investor books to split my time between homes in Paris and Fiji, endow three university chairs, and lease a luxury suite at Dodger Stadium. Alas, no. Just the same, some of these books are valuable. In fact, one of the best-ever investing guides is back this summer in an impressive revision.

The Intelligent Investor, first published in 1949 by the Moses of value investing, Benjamin Graham, went through five versions before his death in 1976. While still an invaluable exposition of such basics as the centrality of buying securities at prices low enough to ensure a "margin of safety"—a cushion to absorb mistakes—the final, 1972 revision suffers by relying on case studies that are too remote to resonate now. Happily, this vastly expanded new edition is full of fresh examples and commentaries applying Graham's principles to today's markets. This is the considerable work of financial journalist Jason Zweig of *Money* magazine.

At 623 pages, this duet is nearly twice as long as Graham's solo, with Zweig chiming in after each of Graham's original 20

Wealth of Words

The Intelligent Investor, Revised Edition

Benjamin Graham, with Jason Zweig, HarperBusiness Essentials (623 pp, \$19.95)

A Random Walk Guide to Investing: Ten Rules for Financial Success

Burton G. Malkiel, W. W. Norton (224 pp, \$22.95)

The Equity Culture

B. Mark Smith, Farrar, Straus & Giroux (344 pp, \$25)

chapters. For example, where Graham analyzes Penn Central, Ling-Temco-Vought, NVF, and AAA Enterprises, Zweig follows with sharp dissections of Lucent Technologies, Tyco International, AOL Time Warner, and eToys. You won't confuse the two authors' prose. "If a broker ever tries to sell you an individual mortgage bond or 'CMO' tell him you are late for an appointment with your proctologist," Zweig writes. Were Graham alive, he surely would have edited that out. But I'm quibbling. Zweig took on a daunting task and succeeded admirably.

"Enterprising investors," as Graham calls the few willing to put in the time and pencil work to uncover value in stocks, will find this book well rewarding.

Most investors, Graham knew, aren't so diligent. They will be better served by an iteration of another classic due in September: Burton Malkiel, the Princeton University economist whose *A Random Walk Down Wall Street* has for 30 years been the leading exponent of efficient markets—the theory that



active stock picking is pointless—has distilled his big ideas into *The Random Walk Guide to Investing: Ten Rules for Financial Success*. You've heard most of these before: Fire your investment adviser. Split assets among stocks, bonds, cash, and real estate. Weigh risks even as you imagine returns. Don't time markets. Diversify. Keep costs low. If familiar, this advice is laid out by Malkiel in a neat way, far from the Ivory Tower.

A veteran trustee of Vanguard Group, Malkiel predictably directs readers to index funds, but also suggests most people can safely avoid mucking up their portfolios with international funds. Global markets today, he reasons, are closely bound, and many U.S. companies have large exposures to foreign economies. Maybe most of all, to Malkiel the key to building wealth is to get on the right track—yesterday. "Procrastination," he writes, "is the natural assassin of opportunity."

Hungry for something wholly new, I opened B. Mark Smith's *The Equity Culture*. Although this term pops up more and more—a search of the Nexis database found nine mentions in 1990 and 352 in 2000—I've never been sure what it means, exactly. To Smith, an ex-Wall Street trader and author of 2001's *Toward Rational Exuberance: The Evolution of the Modern Stock Market*, equity culture is the pervasive global focus on, and investment in, stocks. He goes about tracing its rise from the ancient Romans to China's commie-capitalists. Yes, the right word here is "sweeping." Smith's touch for history can be engaging, notably his depiction of Benjamin Disraeli's early stock market defeat and how Harry Markowitz came on modern portfolio theory. Yet I often found myself searching vainly for a thread of argument to tie it all up. Graham or Malkiel are surer bets toward a ticket to Fiji. ■

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