Reflections on the *Journal's* 10th Anniversary

By James B. Cloonan

This is the 10th anniversary of the *AAII Journal*. It doesn't seem possible that 10 years could have gone by since our first issue was published.

The *Journal* was 16 pages then and published bimonthly. The first issue seems a little thin when compared to the current *Journal*. In fact, the entire Volume I —which consisted of the first six issues—had about as much editorial content as one issue does now.

The circulation of the *Journal* was less than 1,000 for almost a year, and mailing labels were done on a Xerox machine.

But the *Journal* did contain meaningful information. Volume I covered such wide-ranging topics as options, handling problems with your broker, the advantages of the individual investor over institutional investors, evaluating private offerings, modern portfolio theory, real estate evaluation, precious metals, tax planning and cycle theory. It contained the beginning of the series that was to become "A Lifetime Strategy for Investing in Common Stocks," the booklet that is sent to all new members of AAII.

There were also columns on practical investment problems and a number of overall perspectives on the nature of the stock and bond markets.

A Feeling of Nostalgia

There is a lot of nostalgia involved in looking through the early *Journals*—something like looking at the family photo album.

On the one hand, it is probably not wise to go back and relive 1979. First I get maudlin, and then I get upset that I didn't do things better.

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On the other hand, going back reaffirms my belief that a long-term view rather than a short-term view is necessary for effective investing. In looking through the *AAII Journal* and other financial magazines of 1979, it is amazing how much long-term stability there is if you ignore the short-term blips.

Over the last 10 years, stocks have gone up somewhat more than their expected average—for instance, the Dow Jones industrial average has gone from 800 to 2100.

Over the same time period, inflation has been at about 3.5% a year. Gold has gone up about the same as inflation—but what a blip along the way. The dollar is almost exactly where it was against the average European currency—losing a bit to the deutsche mark and Swiss franc, and gaining against the French franc and the pound. The yen is very different, it has gone up 78%. Interest rates were about 1% higher 10 years ago, as we began our high inflation period. Oil was around where it is now—it didn't keep up with inflation. Once again, however, there was an extreme blip.

New Investment Vehicles

We had options on stocks in 1979. But we did not have options on futures, futures on financial instruments, index futures, zero coupon bonds, put bonds, scores and primes, unbundled units, certificates of participation, master limited partnerships, mortgage-backed securities or risers.

On reflection, I don't know if we really need any of them. I'm still learning about equities, bonds, and money market instruments.

There were a few items in Volume I that showed the difficulty in planning for the future and I will share some of these with you in later columns.