

Remarks by John Bogle
On Receiving
The 2016 Bob Edgar Public Service Achievement Award
Presented by Common Cause Pennsylvania
Pyramid Club - Philadelphia
June 7, 2016

Thank you, Ed Haldeman, man of principle, my accomplished friend and my regular breakfast companion, for that lovely introduction. And thank you, Common Cause of Pennsylvania, for the honor you bestow on me this evening with the Bob Edgar Public Service Achievement Award. It's inspiring for me to read the words on the award, "John Bogle, who, by force of imagination, initiative and perseverance has made an outstanding contribution to the public interest in the areas of government performance and integrity."

I've been a huge admirer of Common Cause ever since the early 1970s, when I first learned about your noble mission of promoting open, honest, and accountable government. Surely during the next five months your voice will be needed more than ever.

I've also been a long-time admirer of the late John W. Gardner, founder of Common Cause in 1970. His values, his integrity, and his gift for the wise aphorism place him in my Pantheon of Americans worth listening to and learning from.

I was first inspired by John Gardner when, way back in 1968, I read his second book, *No Easy Victories*. (\$4.95 at our local book store; weren't those the days!) In meeting after meeting, and in my speeches on common sense investing, I've often quoted from this volume of wisdom, which begins with this piece of advice:

"Men intensely engaged in the action of the world probably shouldn't write books . . . they haven't the time to do the job as it ought to be done . . . drafting, reflecting . . . rewriting, and giving the whole manuscript a distinctive form and shape."

Clearly, John Gardner, author of eight books, didn't take his own advice. Nor did I take his advice. Despite the demanding work I undertook beginning in 1965 when, at age 35, I was named the

leader of a company in crisis and given the responsibility of saving it, I continued to publish papers and write essays, many of which became parts of my later books. Even when I got fired in early 1974 and barely survived a career crisis, I kept on writing. Later in that same year, out of the ashes of that crushing personal defeat, I created a tiny new company—and against all odds, succeeded in building it. (I had lots of help!) Throughout this trying time, my pen was my constant companion. Yes, as it is said, “the pen is mightier than the sword.”

That new firm, which I named “Vanguard,” was founded with a truly *mutual* structure without precedent in the still misnamed mutual fund industry. Its growth would ultimately be driven by an investment strategy that was also without precedent . . . and, yes, that would be the index fund. That combination of a *structure* designed to serve the public—to serve fund shareholders rather than fund managers—and a *strategy* dominated by our creation of the world’s first index mutual fund in 1975 have changed the mutual fund industry as we knew it.

Operated at rock-bottom cost, that index fund requires no money manager. It simply buys and holds the 500 stocks in the S&P Index, effectively guaranteeing that its investors will earn their fair share of the stock market’s return, neither more nor less, and whether that return is good (mostly) or bad (sometimes). Beginning in the mid-1990s, that combination of mutuality and index funds would produce the colossus that Vanguard has become, the largest mutual fund complex in the world, now managing more than \$3 trillion of investor assets.

Yes, Vanguard is just “a business,” and it is now a large one. But establishing values has always been more satisfying to me than operating a business. Again quoting John Gardner, “what could be more satisfying than to be engaged in work in which every capacity or talent one may have is needed . . . every value one cares about is furthered.” So why would I retire? I continue to enjoy my challenging and exciting career in the mutual fund industry, soon to enter its 66th year.

My books—now ten, perhaps with another one in the offing—have been among my principal means of spreading the word about that still unique structure and that still controversial strategy. I continue to raise hell with a mutual fund industry that is ripe for disruption—call it a “lover’s quarrel.” Conventionally operated funds could serve investors with so much more integrity, harmony, efficiency, and economies than they do today; I’m happy to push them in that direction.

My books and essays constitute a major force in my goal of driving that change, of earning the trust of investors, and of explaining Vanguard's mission to give them a fair shake. Truth told, I find it hard to separate my writings from my efforts to build Vanguard. Among other things, these books describe why I strived to shape a new kind of institution, and then how I went out and did it.

John Gardner writes that in his long experience he had uncovered "pervasive examples of vigorous leaders sharing a vision of how they might shape their future." What it takes to do that, he continued, "depends on leaders who are clear as to what those purposes are . . . and then to persuade individuals to lend themselves to a worthy common purpose." I've done my best.

Common purpose. Common Cause. We stand together as we strive for a better America.