

Business

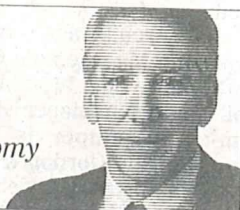
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Andrew Cassel

The Economy



Our latter-day Ben Franklin

If you were smart and in-the-know in January 1996, you'd probably have bet against Jack Bogle still being among us 10 years out.

You'd have been wrong, of course. Which illustrates a point that Bogle himself has been making for decades: Smart, in-the-know people are often wrong, and prudent investors treat their betting with skepticism.

I was reminded of this the other day as Bogle spoke to the Greater Philadelphia Venture Group. As eloquent and irascible as always, the Vanguard Group founder was hammering on the themes of his latest book, grandly titled *The Battle for the Soul of Capitalism*.

Ten years ago, Bogle was battling for his own life.

Then age 66, he was confined to a room in Hahnemann University Hospital, waiting for a heart transplant. Doctors said it was his only chance of beating the chronic cardiac ailment that had dogged him for more than 30 years and seemed about to do him in.

Bogle received his new heart in February 1996. Today, he jokingly calls himself a "kid" of not-quite 10 — and keeps up a writing and speaking schedule that belies any description of him as "retired."

The other day he looked, good — better, in fact, than the bobblehead statue of him on my desk. It's a promotional gimmick, sent by the publishers of another recent book, *The Bogleheads' Guide to Investing*.

"Bogleheads" (get it?) are how the authors style themselves — devotees of the investing philoso-

phy that Bogle promotes and that he institutionalized at Vanguard in 1974.

It's an oft-told tale by now: how Bogle conceived of a low-cost, no-frills mutual fund while a senior at Princeton; how he rose to CEO of the Wellington Management Co. in Philadelphia, then got fired by his Boston-based partners; how he made lemonade out of it all, laying the foundation for what now is the world's second-biggest mutual-fund group.

And we know (though it remains impressive) that Vanguard, which started with a couple of dozen staffers and \$1.4 billion in assets 32 years ago, today employs more than 12,000 and manages more than \$900 billion.

But what's really fascinating is that the man behind all this doesn't think he's achieved his goal: to revolutionize the mutual-fund industry.

"Part of the reason for my choice of the name *Vanguard* for our new firm was to suggest that our structure would establish a new trend," he said Wednesday.

"Alas, despite the passage of more than three decades, our mutualized structure has yet to attract its first follower."

Vanguard remains unique in that its fund managers are hired hands, not equity owners of the firm with the power to set their own fees and other compensation. No other fund group has adopted such a structure — or seems about to.

He no longer holds a formal job at Vanguard. Still, he presses on, speaking, writing and calling attention to the sins of American capitalism, from outrageous executive compensation to the hubris of Wall Street analysts.

It's a post-career career path that might have a familiar ring to it, particularly if you've been paying attention to Ben Franklin's 300th birthday party this month.

It may not be going too far, in fact, to call Bogle the closest thing Philadelphia has to a latter-day Franklin.

Some of those parallels were pointed out by Bogle himself, who knows a role model when he sees one. Quoting from his own books, then from Franklin's, he noted the other day how many important ideas haven't changed since the 18th century:

Bogle: "The biggest risk is the long-term risk of not putting your money to work."

Franklin: "He that would catch Fish, must venture his Bait."

Bogle: "Stay the course. No matter what happens, stick to your program."

Franklin: "Industry, Perseverance, and Frugality make Fortune yield."

Hey, Franklin's revolution finally happened when he was in his 70s. Could Bogle's?



Jack Bogle, founder of Vanguard: His goal not met?