I am deeply honored to receive your Founder’s Award for Business Leadership, not least because your motto—*Love of Country Leads*—is so utterly consistent with the manner in which I’ve tried to live my career. Going back to my first job in the mutual fund industry, I’ve done my best to serve American investors, offering our citizens no more nor less than the opportunity to earn their fair share of whatever returns our financial markets are generous enough to provide, the result of whatever long-term economic value our system of democratic capitalism creates.

Indeed, not only my career but my life are a tribute to how blessed I’ve been to be a citizen of these United States of America. I was raised in a family that was far from wealthy, enjoyed public schooling through tenth grade, and then, thanks to generous scholarships and the opportunity to earn enough extra money through campus jobs, was privileged to attend and graduate from Blair Academy and then Princeton University. A living example of the fact that America is the land of opportunity, I am truly blessed that my great-grandparents, William Brooks Bogle and his wife Elizabeth, got on a boat in Scotland and landed on these shores 130 years ago.

Even as I have reveled in blessings of citizenship and enjoyed its rights, I have done my best to assume its responsibilities. Several years ago, my alma mater recognized my career by presenting me with its Woodrow Wilson Award for Leadership in the Nation’s Service. And among my commitments to community, I’m proud to serve as Chairman of the National Constitution Center, now rapidly rising at Independence National Historical Park, directly facing...
Independence Hall. The Center opens on July 4, 2003, just 224 days from now. In all, I am proud to be among the “posterity” for whom our Founding Fathers “secured the Blessings of Liberty.”

As infinitely grand as they are, however, the blessings I have received are hardly sufficient to explain the events that bring me to this podium today. Nor are the marvelous experiences that I have been privileged to enjoy, thanks to our Nation’s historical commitment to public education and then to the generosity of our forebears who have not only built private schools and colleges but have endowed scholarships for those less privileged who sought to advance their own learning. Nor can an adequate explanation be found in the still unremitting work ethic that was drummed into me by some combination of my genes, my upbringing, and that greatest inspiration of all, necessity.

While that background may be necessary to explain my readiness when the lightning of opportunity strikes, it is not sufficient. For the reality of life is that great opportunity strikes but rarely. So never underrate luck as an essential merit in any career that turns out well! For me, at every opportunity—never so more that at three major turning points along the way—I’ve truly been luck-struck. Each time, an almost random event directed me into a new career. So I’m pleased to have this opportunity to tell you about “Three Lucky Breaks—Three Exciting Careers.”

December 1949, Break #1—*Fortune* Smiles

Fifty-three years ago, I was seated in the reading room of Princeton’s then brand-new Firestone Library and turned to page 116 of the December 1949 issue of *Fortune* magazine. There I read an article on a business I’d never even heard of: Mutual funds. Describing the industry as “tiny but contentious,” the story inspired me to choose this field as the subject of my senior thesis. In my thesis, I baldly asserted that “the prime responsibility of mutual funds must always be to their shareholders,” and to demand that funds must serve—“serve both individual and institutional investors . . . serve them in the most efficient, honest, and economical way possible.” I urged funds to reduce sales charges and management fees, to exercise their responsibilities of corporate citizenship, to refrain from excessive claims of management ability, and, almost eerily, to “make no claim to superiority over the market averages.”
If the words about efficiency, honesty, and economical operation strike you as a design for a firm called Vanguard, and if the idea that funds can’t beat the market seems to lay the groundwork for the index fund, so be it. But those things are probably what any young college student, idealistically seeking to build a new and better world, would have written.

Whatever the case, the thesis led me directly into a career in this industry, for it was read by Walter L. Morgan, long-time member of the Union League, fellow Princetonian, legendary fund pioneer, and founder in 1928 of Wellington Fund. When I graduated in 1951, Mr. Morgan hired me. With few hardy souls having come into the beleaguered investment field during the 1930s and 1940s, my ascent was rapid. This fine gentleman groomed me, challenged me, trusted me, and liked me—we were friends for nearly half a century until his death at age 100 four years ago—and by 1965, at age 35, I was running his company.

Mr. Morgan told me “to do whatever it takes” to prepare Wellington for the future. Headstrong, self-confident, and immature, I took a radical step, merging Wellington Management Company with a Boston investment firm. But I relinquished too much of Wellington’s voting control for my own good. While at first the merger was an extraordinary success, the end of the speculative boom of the “go-go” 1960s and the onset of the great 1973-74 bear market brought tough times. Early in 1974, the four partners with whom I’d earlier joined banded together to fire me. It was the end of my Wellington career.

January 1974, Break #2—A Door Slams . . . A Window Opens

But a new career was only months away. Heartbroken when the door slammed at what I considered “my” company, I wasn’t sure where to turn. But a window opened when I recalled an idea I’d been playing with for some years, an idea, in fact, whose genesis may have been in that 1951 thesis that talked about building a better industry. The idea, simply put, was to “mutualize” Wellington Fund and its ten sister funds, making the funds independent of Wellington Management Company, the firm that controlled them and the firm that had just fired me. (The Funds’ Board of Directors was largely independent of the Management Company’s.)

After an arduous struggle and tedious negotiations lasting through the winter, spring, and summer of 1974, the fund board finally agreed to retain me as a full-time fund president, in charge only of administration—accounting, legal, and shareholder recordkeeping—but continuing
to retain Wellington as fund advisor and fund marketer. But because success, as it were, in the fund field is driven, not by how well the funds are administered, but by what kinds of funds are created, whether superior investment returns are attained, and how effectively funds are marketed, I feared that I had won a Pyrric victory, for our new company was formally prohibited from performing those critical portfolio supervision and distribution functions.

In any event, we needed a distinctive name for our firm, and Lady Luck quickly struck again. In mid-September 1974, a dealer in antique prints happened by my office and sold me some prints of naval battles of Great Britain during the Napoleonic Wars. Glancing at the book from which they had been removed, I read the text describing the Battle of the Nile in 1798, where Lord Nelson demolished the French fleet. His dispatch announcing the glorious victory proclaimed his flagship’s name and location: “Vanguard, off of the Nile.” I knew immediately that I had the name for our new enterprise!

As 1974 drew to a close, the new Vanguard Group was a tiny company with a proud name, a staff of 28, responsible for only the administration—nothing more—of $1.4 billion of mutual fund assets, and a mutual structure without precedent in the industry—a structure in which the funds would be operated at cost, and solely in the best interests of their shareholders. While these might seem rather meager credentials, that structure set in motion all that was to follow.

We quickly went to work to expand our mandate. Ignoring the limitations in our charter, we created the world’s first index mutual fund, and then the industry’s first targeted maturity bond funds, now the industry standard. We eliminated the seller-driven broker-dealer distribution force that had marketed the Wellington funds for nearly half a century, replacing it with our own buyer-driven “no load” system. By mid-1977, with our fund assets still below $2 billion, each of the critical elements of today’s Vanguard was not only in place, but set on a firm foundation. We had built it. Now we would test our thesis: “If you build it, they will come.”

Our innovation, our structure, our strategy, our faith in stock indexing and in disciplined bond management, our over-bearing focus on low cost, and our attention to serving the needs of our clients were what we built, and millions of investors came. Year after year, unremittingly, our market share of industry assets increased, and our fund assets now total $560 billion. The Vanguard Experiment has worked.
This thrilling ride drew on my every talent—however modest—and seemed to ignore my numerous weaknesses. My energy and sheer delight in making a radical departure from industry norms and in building a new business, and my feisty taste for the competitive battle were unflagging. But while my spirit was willing, my flesh was weak and growing weaker by the day. A genetic heart disease, first manifested when I was 30 years of age, gradually worsened, and by early 1995, the right half of my heart had ceased to beat. I decided to step down, and end my career as Vanguard’s chief executive.

February 1996, Break #3—“You Have A New Heart”

Of course my failing heart was a major reason for my decision. But I also did not intend to outstay my usefulness, and, truth told, I had found the operating challenge of managing a firm that had already grown to some 5000 crewmembers (on the way to 10,000) paled by comparison with the entrepreneurial challenge of building a new company and establishing its character—its common sense investment philosophy and its ethical human values. Further, I’d remain at Vanguard, for the Board agreed that I would continue to serve as Chairman.

In October 1995, I entered Hahnemann Hospital to await a heart transplant. As a round-the-clock intravenous line carried heart-stimulating drugs that kept me alive, I remained cheerful, optimistic, and of course busy in my Vanguard duties. On February 21, 1996, after 128 days in the hospital, I received my new heart. Awakening in the blackness, the first words I remember hearing were, “Congratulations. You have a new heart, and it is young and strong.”

And so it was. It was also a near-perfect match. I’ve had 33 consecutive zeros on the rejection scale, have long ago ceased taking the most potent anti-rejection drugs, and am enjoying perfect health. With my miraculous second chance at life, I have the energy of a colt, play squash doubles a couple of times a week, again sail my aging 15-foot sailboat, enjoy my family, and take long walks with my wife. I’m also vigorously engaged in what has turned out to be my third career.

For when my long tenure as a director came to an end as 2000 began, the Board, happily, agreed with my proposal that Vanguard would sponsor a newly-formed Bogle Financial Markets Research Center. Through this unit, my two assistants and I do our daily work, supporting my Vanguard activities in dozens of speeches each year, writing four books so far, with more to
come, working with the press and on television, regularly meeting with Vanguard crewmembers, and acting as a sort of ambassador to our shareholders/owners around the country.

But perhaps the most rewarding part of my third career is the opportunity to apply my unflagging missionary zeal to the building of a better financial world. As I wrote years ago, investing is an act of faith—faith in our financial markets, faith in the stewards who manage our corporations, and faith in the trustees who invest our hard-earned assets. Given the events of the past few years, it can be no surprise that in each case investors are losing faith—and with good reason. So my new efforts focus on rebuilding faith in investing, on making the mutual fund industry a better place to invest, and on restoring the traditional values of Corporate America. In a sense, I have come full circle, for that very same 1949 issue of Fortune that included the mutual fund story also carried an extensive essay entitled, of all things, “The Moral History of U.S. Business”—one more marvelous coincidence.

I take on these challenges with the same idealistic spirit that Fortune inspired in my ancient thesis, the same aspirations with which I joined and then ran Wellington, the same steadfastness that was required after I got fired, and the same energy, enthusiasm and zest for accomplishing the impossible with which I created and ran Vanguard. Through some combination of scientific miracles, my medical guardian angels, my faith, and the Lord, my second chance at life has miraculously granted me the marvelous luxury of this third career. Indeed as I count my blessings of family and friends, and reflect upon how infinitely lucky I have been in my career, it gives me a bit of a tingle. Of course there is so much to be done, and so little time. But the words that Tennyson attributed to Ulysses as he returned from his long odyssey inspire me to press on:

Come, my friends, ’tis not too late to seek a newer world.
Push off, and sitting well in order smite
The sounding furrows; for my purpose holds
To sail beyond the sunset til I die.
Tho’ much is taken, much abides; and tho
We are not now that strength which in old days
Moved earth and heaven, that which we are, we are—
One equal temper of heroic hearts,
Made weak by time and fate, but strong in will
To strive, to seek, to find, and not to yield.

Thank you again for this signal honor.