

# **The U.S. Financial System: Look Out! Change Is Coming.**

## **The G.S. Beckwith Gilbert '63 Lecture**

**by**

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I'm honored to be invited to present the 2013 Gilbert Lecture, whose sponsor, Beckwith Gilbert, Princeton Class of 1963, sought "to bring innovative leaders in business, government, and the professions to discuss their ventures and the insights gained in their careers." About two-thirds of my remarks deal with the pros and cons of innovation in the financial services field and the new values of our market system, with the remaining one-third directed—primarily to Princeton undergraduates—to some lessons I've learned and insights I've gained over my sixty-one year career.

As I'll momentarily note, I have tried to do my best, not only to develop innovations designed to serve investors, but to have the temerity to challenge the fundamental tenets that my industry holds dear. As Nobel Laureate Paul Samuelson wrote in his introduction to my first book (*Bogle on Mutual Funds*, 1994), I had "changed a basic industry in the optimal direction. Of very few can this be said." Time, as you will soon learn, has proved that Dr. Samuelson's insight was well founded, and the five major innovations that I've been responsible for developing have set the stage for radical changes in our industry and in our financial system. The impact of those changes is now accelerating, and more change is coming. So, as my title warns, *Look Out! Change Is Coming*.

### **Five Innovations**

The creation of Vanguard in 1974 was, most importantly, an experiment in the search for an organizational structure that would focus on placing the interests of fund investors ahead of the interests

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Note: The opinions expressed in this speech do not necessarily represent the views of Vanguard's present management.

of their money managers. To accomplish that goal, this tiny new organization—managing but \$1-billion-plus and with only 28 employees (we call them *crewmembers*)—employed a *mutual* structure, in which the (truly) mutual funds and their shareholders would own and control their own management company, which would operate at cost. The Vanguard Experiment in fund governance, then, began with a unique structure that had never before been tested or tried. **1974. Innovation # 1.**

Next, our investment strategy would be focused on the fact—confirmed by volumes of independent data, again and again—that beating the market is a *zero-sum* game for investors. Why? Simply because the average manager must, by elementary arithmetic, be average. Money managers, as a group, must provide the market return, for after all, they *are* the market. But that return comes only *before* their exorbitant fees, operating expenses, and portfolio turnover costs are deducted. So, after absorbing the burden of those costs, the average manager must—and will—lose to the market. The zero-sum game *before* costs becomes a loser’s game *after* costs. For the cognoscenti, fund managers in aggregate produce *zero* Alpha before those costs, but *negative* Alpha after the costs of financial intermediation are deducted.

So, the first decision of the newly-formed Vanguard Group was to create the world’s first market index mutual fund, an idea that I had hinted at in my Princeton senior thesis of a quarter-century earlier. By owning the entire stock market (or almost all of it) and eliminating about 95 percent of the frictional costs of investing, Vanguard 500 Index Fund would be guaranteed to beat the returns earned by financial managers in the aggregate. Our Index Fund was formed in 1975 and, after a pathetically small IPO—\$11 million—was offered to investors a year later. **1975 and 1976. Innovation # 2.**

At the outset, our mutual funds, like almost all others, carried substantial sales loads. Like their peers, they were offered to investors via our wholesale distributor through a network of stockbrokers. Now that the fund industry had begun to mature, it seemed obvious that the U.S. investing public—growing older and better-educated, and hence more cost-conscious—would someday easily support a no-load framework, with funds directly offered to investors. So we eliminated those pesky sales loads and abandoned our distribution system—the first firm to take this daring step. We did it only after much consideration of the huge risks involved, and without prior notice. **February 1977. Innovation # 3.**

During the 1975-1985 era, following the devastating 50 percent stock market crash of 1973-1974, the prime focus of the industry shifted from stock funds to money market and bond funds. To carve out a competitive niche—with the realization that the “costs matter” principle applies in *all* asset categories—we established the first municipal bond mutual funds holding portfolios with strictly defined-maturities. Our long-term, intermediate-term, and short-term offerings (unique, but hardly the triumph of amazing brilliance!) quickly changed the structure of the entire bond fund sector. A new framework for bond management had emerged. **August 1977. Innovation # 4.**

One of the crushing failures that preceded Vanguard’s formation was the abject failure of Wellington Fund. New managers had turned this classic conservative balanced fund, founded by Walter L. Morgan, Princeton Class of 1925, into a type of aggressive stock fund. In the 1974 market crash—which was wholly predictable—Wellington flamed out, its hard-earned reputation shattered. By 1978, with the substantial demands of implementing those first four innovations behind us, it was time to turn to the task of restoring Wellington Fund to its earlier eminence. Not only returning it to its traditional balanced portfolio (65/35 stocks/bonds), but giving it a new focus—a focus on a specific and clear dividend objective. The new, higher dividend would be earned by emphasis on more stable, income-producing value stocks, rather than on volatile, low-yielding growth stocks. It has worked splendidly, and shareholders have rejoined the fund in droves. Taking Wellington back to its roots but adding a specific dividend objective led to its renaissance. **1978. Innovation #5.**<sup>1</sup>

## How Have Our Innovations Worked Out?

So, innovation has been the key to Vanguard’s remarkable growth. Let’s measure the results of each of those innovations: **1.** Our mutual at-cost structure (combined with our extraordinary growth) has enabled us to slash our complex-wide expense ratio (expenses as a percent of assets) to less than 20/100 of 1 percent, fully 80 percent below the 1 percent industry norm, now saving our investors a cool \$17 billion annually. **2.** Our index innovation has changed the world of finance. Index funds now constitute fully 28 percent of equity fund assets, and assets of that original Vanguard 500 Index Fund have grown to \$250 billion. Its sister fund, Vanguard Total Stock Market Index Fund also totals \$250 billion, and assets of all of our index funds combined now total \$1.3 trillion. **3.** Our no-load (non-distribution) system last year produced a net cash inflow from investors of \$142 billion, the largest inflow in the fund industry’s

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<sup>1</sup> Really a *reverse* innovation. But it saved the day.

history. **4.** Our bond fund asset base—some \$550 billion—is the industry’s largest. And **5.** Wellington Fund’s assets, which had tumbled by some 75 percent—from \$2.1 billion to \$475 million—in the early 1970’s market crash, have soared to \$68 billion.

Together, these innovations remain at the heart of Vanguard today. Combining the impact of these five major innovations along with other smaller innovations, Vanguard’s mutual fund assets under management now total \$2.1 trillion, the largest fund complex in the world.<sup>2</sup> (Please forgive the bragging, but the data are the data.) Our market share has risen to about 17 percent of the assets of all stock and bond funds, a commanding market share, the largest in industry history. The Vanguard Experiment that began in 1974 has become the Vanguard triumph of 2013. Why? Simply because it has served investors well.

Interestingly enough, I’ve been preaching that message of reform for mutual funds for my entire 61-year career beginning with the idealistic principles that I articulated in my 1951 Princeton senior thesis on the mutual fund industry, entitled “The Economic Role of the Investment Company.” Here are some brief excerpts:

*[Mutual funds] should be operated in the most efficient, honest, and economical way possible . . . Future growth can be maximized by reducing sales charges and management fees . . . Funds can make no claim to superiority over the market averages (indexes) . . . the principal function of investment companies is the management of [their] investment portfolios. Everything else is incidental . . . The principal role of the mutual fund should be to serve its shareholders.*

What should one make of these words? An intelligent design for the new structure of fund management that was created when I founded Vanguard in 1974? The idealistic ruminations of an immature and inexperienced college senior? Something in between? I’ll let you decide. But all through my career I have talked that talk, and through Vanguard, walked that walk, focusing on serving all of those honest-to-God, down-to-earth, individual human beings who have entrusted us to manage their

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<sup>2</sup> A sort-of catty aside. (Sorry ‘bout that!) Our tacit rival, Fidelity, has felt the pain. Some 50 percent larger than Vanguard at the turn of the century—by \$250 billion—Fidelity now *lags* Vanguard by \$650 billion. (Despite all of those intrusive and expensive “green path” commercials.)

assets, each with his or her own hopes and fears and financial goals. Isn't that what managing other people's money—a fiduciary duty—should be all about?

## **“The Optimal Direction”**

Although the remarkable growth of this organization has earned us our position as first in the industry in investor trust and respect, Vanguard has become the firm that our competitors love to hate. Despite moving the industry in “the optimal direction” for investors—Dr. Samuelson's words—not a single one of our competitors has changed its conflict-ridden structure to a mutual structure. Doing so, of course, would be ruinous to the wealth of their managers and their public shareholders, to say nothing of the detriment of the financial conglomerates that own them. (40 of the 50 largest fund complexes are publicly held; only 10 remain private.)

But if the Vanguard example has so far failed to change the self-serving structure of the mutual fund industry, we have surely changed the industry at the margin. Those who have copied our strategies of indexing and bond fund management have had to at least pay lip service to cost-control, for the essential difference between funds tracking the same index is simply the difference in costs. (Obviously, low costs serve the fund investor; high costs serve the fund manager.) But a dramatic change is underway. Investors have begun to look after their own interests, *as if by an invisible hand*, they are improving the interests of society. Adam Smith strikes again! Further, many commentators credit Vanguard for keeping downward pressure on excessive fees and other fund costs—the so-called “Vanguard effect”—staring down those who would make a bad situation worse.

Exchange-traded funds (ETFs)—now itself a trillion dollar business—owe their very existence to Vanguard's innovations in the burgeoning index fund field. Yes, ETFs are, in fact, index funds, with the “bonus” (to what avail?) of providing investors the ability to “trade the S&P 500 Index all day long, in real time” (as their early promotional ads said). But ETFs have in fact provided another no-load alternative for fund owners, a trend that is only now accelerating. The fact is that ETF *portfolios* have tiny turnover (a big plus, despite the huge turnover of their own shares among those aggressive, largely institutional investors who trade them). By demonstrating the importance of minimizing investment costs,

the ETF may well be a harbinger of lower costs of investing throughout the financial system. *Look Out! Change is Coming.*

## **Innovation and the Financial System**

In our world today, praising innovation has become a commonplace. Why not? Looking back to the great innovations that changed our world—among others, the steam engine, the railroad, electricity, the telephone, the automobile, and most recently the computer, the iPad, and “the cloud” of our new information age. But it is more than the Luddite in me that compels me to throw my wooden boot into the wheels of *financial* innovation, which has, in general, ill-served investors.

Here, I ally myself with one of our nation’s financial heroes, Paul Volcker, Princeton Class of 1949. He famously said that “the ATM is the only useful financial innovation of the past quarter-century.” (He recently told me that, if he’d been asked about the past *half*-century, he would have included the index fund.) And the iconic Warren Buffett—the most celebrated money manager of our age, who also praises the index fund—described all those innovative but highly risky derivative securities that now permeate our financial markets as “financial weapons of mass destruction, carrying dangers that . . . are potentially lethal.”

The fact is that in our modern era, the folly of short-term speculation has crowded out the wisdom of long-term investment,<sup>3</sup> to the great *benefit* of Wall Street (the croupiers of our financial system) and to the great *detriment* of investors, too many of whom have become traders (the gamblers of the system). The dimensions of this shift are shocking. In my early days in this field, about 2 million shares of stocks were traded each day; in 2010 that number had soared to 13 billion shares. (Last year, it dropped to 8 billion shares, but it is still a staggering number.)

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<sup>3</sup> This change is the theme of my tenth book, *The Clash of the Cultures: Investment vs. Speculation*, John Wiley, 2012.

The traditional role of the financial system is to provide capital to new and existing businesses that seek to grow their profits by creating new and better products and services (and innovations!). But the capital raising function of finance is now dwarfed by rapid trading and rampant speculation. Just think about it: during the past five years, Wall Street has raised about \$250 billion of equity capital from investors each year to fund these initiatives. But Wall Street has also been the aggressive abettor of share turnover—some \$33 trillion per year. In other words, more than 99 percent of transactions simply represented trading pieces of paper with one another; less than 1 percent represented capital formation for future business growth.

Let's be clear on this: excessive trading *subtracts* value from investors as a group, shifting a large portion of investment returns to the coffers of Wall Street. I hardly need to emphasize to you that the leaders of our investment banking firms, hedge fund managers, and owners of mutual fund management companies remain among the highest-compensated people in our land . . . even after the role they played in bringing our financial system—and our nation's economy (and the world's)—to their knees. It's a system that has to be changed, reformed, regulated, and made to function in the service of investors who put their capital to work in American industry. *Look Out! Change Is Coming.*

## **Quantitative Investing—An Example of Financial Innovation**

Few commentators seem to have noticed that the rise of speculation in the financial markets represents not just a difference in degree from its earlier form, but a difference in kind. Speculation has come to mean, not only the inevitable uncertainty surrounding a company's profits or losses, its assets and liabilities, but the uncertainty surrounding the market price of its shares. The focus of the new market is less on business fundamentals, and more on the market valuation of a company's shares . . . the *expectations* market.

Decades before that baneful trend reached its full flower, legendary investor and author (*The Intelligent Investor*) Benjamin Graham warned about the rise in speculation. Here are some excerpts from his prescient 1958 keynote speech to The New York Society of Security Analysts—more than a half-century ago!

*In the past, the speculative elements of a common stock resided almost exclusively in the company itself; they were due to uncertainties, or fluctuating elements, or downright weaknesses in the industry, or the corporation's individual setup . . . But in recent years a new and major element of speculation has been introduced into the common-stock arena from outside the companies . . . This attitude may be described in a phrase; primary emphasis upon future expectations.*

*The concept of future prospects and particularly of continued growth in the future invites the application of formulas out of higher mathematics to establish the present value of the favored issues . . . Highly imprecise assumptions can be used to justify practically any value one wished, however high . . . a new kind of philosopher's stone that can produce or justify any desired valuation for a really "good stock."*

*Mathematics is ordinarily considered as producing precise and dependable results; but in the stock market the more elaborate and abstruse the mathematics, the more uncertain and speculative are the conclusions we draw therefrom . . . Whenever calculus is brought in, or higher algebra, you could take it as a warning signal that the operator was trying to substitute theory for experience, and usually also to give to speculation the deceptive guise of investment.*

So, the valuations of today's stocks are based on guesses about the valuations that tomorrow's market participants will place on a given corporation's earnings. *A battle of expectations.* To make matters worse, earnings are increasingly subject to all sorts of manipulation and bias. An awesome gap has opened between the *operating* earnings of a company's business and its *reported* earnings—reduced by the impact of "the bad stuff," write-offs for all those mistakes and failures of earlier corporate activities. What's more, to put a good face on earnings, even our corporate giants play games with the numbers. For example, most firms assume absurdly high future returns—in the 7 ½ to 8 percent range—for their pension funds. But when the bond portion of pension assets must take some investment risks even to earn a mere 3 percent, an 8 percent return simply is not in the cards. When reality comes home to roost (it is already starting to), funding that gap will place a substantial drag on future corporate earnings. In the short run, creative "financial engineering" can ameliorate or conceal these unpleasant situations. But in the long run reality, not expectations, will call the tune. "The fundamental things apply as time goes by."



More broadly, the management (or mis-management) of numbers is hardly the only instance of the dominance of numbers over reality in our society today.<sup>4</sup> Our lives, as *New York Times* columnist David Brooks recently observed, “are now mediated through data-collecting computers.” *Big Data*, as it is called, “is really good at exposing when our intuitive view of reality is wrong . . . (giving us) wonderful ways to understand the present and the future.” Brooks continues . . . “Computer-driven data analysis excels at measuring the quantity of social interactions but not the quality. . . . Data creates bigger haystacks . . . many, many more statistically significant correlations, most of which are spurious and deceptive. The haystack gets bigger, but the needle we are looking for is still buried deep inside.”<sup>5</sup>

Worse, the trust that we place in numbers comes at the expense of trust in our own judgment and our values, and in our colleagues and communities. It’s bad enough when the focus on stock price over intrinsic value results in speculation and disrupts markets. But in the long run, business fundamentals trump market expectations that are based on current and expected numbers. When businesses rely too heavily on numbers, they tend to focus on the relatively predictable short run—on reported earnings and market expectations—than the far less predictable, but far more important, long run of creating durable intrinsic corporate value. Honestly, when management consultants utter their threadbare bromide, “If you can measure it, you can manage it,” I’d advise their clients to look elsewhere. *When there is a gap between illusion and reality, it’s only a matter of time until reality takes over.*

Einstein got it right: “not every thing that counts can be counted, and not every thing that can be counted counts.” Our market participants, our business and government leaders, and our society at large must give heaviest weight to trust and integrity and commitment—which can’t be counted—rather than to all those minutiae that are so easy to count. When that spirit permeates our financial system, we will have taken an important step toward building a stronger economy.

## **Financial Innovation and the Economy**

For it’s not just our financial system that is affected by the speculation that pervades our markets; it is our entire economy. For all the remarkable accomplishments of our economists, their vast research,

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<sup>4</sup> I present a more complete set of reflections on the flaws in today’s data-driven society in my 2011 book *Don’t Count On It! The Perils of Numeracy* (John Wiley 2011). The first chapter is based on my lecture of the same name, delivered at Princeton University Center for Economic Policy Studies on October 18, 2002.

<sup>5</sup> My simple solution to the perils of picking stocks or money managers: Don’t look for the needle. Buy the haystack.

and the profound papers that they publish, I believe that too few of our economists—and to say nothing of our business leaders, our accountants and our market strategists—give enough attention to the symbiotic relationship between finance and economics.

One of the few economists who took a strong interest in this interconnectivity was Hyman Minsky (1919 - 1996). In 1974, Minsky observed a fundamental characteristic of our economy that linked finance and economics: “The financial system swings between robustness and fragility, and these swings are an integral part of the process that generates business cycles.” Moreover, according to Minsky, the prevailing financial structure is a central determinant of the behavior of the capitalist economy. Likewise, the dynamism of profit-driven motives influence economic activity within the context of a given institutional structure in that the structure itself changes in response to profit seeking.

Resonating to the ideas of economist Joseph A. Schumpeter, Minsky emphasized that “financial markets will not only respond to profit-driven demands of business leaders and individual investors but also as a result of the profit-seeking entrepreneurialism of financial firms. Nowhere are evolution, change, and Schumpeterian entrepreneurship more evident than in banking and finance, and nowhere is the drive for profits more clearly the factor making for change.”

The financial system takes on special significance in Minsky’s thesis, not only because finance exerts a strong influence on business activity, but also because this system is particularly open—or, as some might claim, prone—to innovation, as is abundantly evident today. Continues Minsky: ‘Since finance and industrial development are in a symbiotic relationship, financial evolution plays a crucial role in the dynamic patterns of the economy . . . *stability creates instability.*’<sup>6</sup>

The same theme was reiterated by Dr. William H. Janeway, Princeton Class of 1965, author and long-time adviser to Warburg Pincus. In his remarkable recent book on capitalism,<sup>7</sup> he provides a masterful study of the historical and conceptual analysis of capitalism. Janeway’s theme, summarized by

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<sup>6</sup> The preceding three paragraphs are taken from the work of Frank K. Martin, author and founder of Martin Capital Management, as quoted in my book *Don’t Count On It!*. (John Wiley, 2011)

<sup>7</sup> *Doing Capitalism In The Innovation Economy*, Cambridge University Press (2012).

New York University professor Nouriel Roubini, is the “Three Player Game between the state, private entrepreneurial innovation, and financial capitalism . . . The state has a key role in funding scientific research that leads to innovation. Amply funded by financial capitalism, innovation is a source of long-term growth. But speculative funding of innovation is also associated with asset and credit bubbles that end up in financial crashes. Then, following Keynes, the state has to intervene again to limit the economic and financial fallout from such crashes. (Janeway’s book) is a Minsky-inspired synthesis of the financial excesses of Schumpeterian creative destruction.”

## **A Change of Heart<sup>8</sup>**

Finance is a system that needs a change of heart. It will not be easy, given the age-old problems inherent in government regulation (never my favorite means of resolving complex business and economic issues), the powerful and hugely compensated lobbyists of K Street, and the determination of financial leaders to fight the regulations proposed under the Dodd-Frank Wall Street Reform and Consumer Protection Act. The task of reform is a huge challenge, even before we consider our dysfunctional Congress. But we ought to be able to find agreement on a principle affirming that our money manager/agents have as their guiding star a solemn duty to serve their client/principals—a statutory federal standard of fiduciary duty for all managers of Other Peoples’ Money. Advisers must be required to put the interest of clients first; focus on long-term investing rather than short-term speculation; minimize investment costs; observe the rights and responsibilities of stock ownership; and be free from the massive conflicts of interest that permeate our financial system today.

Even that small step will take time. Until then, we’ll have to rely on what I call “the Adam Smith solution.” If we investors will simply cut away all the confusing complexities and hyperactivity that characterize today’s financial system and focus on our own best interests, select managers and advisers who best personify the tenets of fiduciary duty, and move our investments away from those who don’t meet that standard, *the system will change*. What will emerge—what must emerge—is a system that involves far less speculation, less trading, more reasonable fees and costs, and surely less of the misguided confidence that each one of us is smarter than our fellow investors—a logical contradiction. Once again, I call this the Adam Smith solution because of his timeless insight:

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<sup>8</sup> This turn of phrase allows me to brag (again). For this very day marks the 17<sup>th</sup> anniversary of the heart transplant that I received on February 21, 1996.

*Every individual intends only his own security, and directs his industry [read “capital”] in such a manner as to produce its greatest value. He intends only his own gain, and, without knowing it, is led by an invisible hand to advance the interests of society.*

## **A Few (More!) Insights from a Long Career**

This final subject of my lecture this afternoon is to provide, as the Gilbert Lecture suggests, some insights that I have gained during my career. These will be brief (and pungent), for I would not presume that those considering a career in finance will be interested in my own career path. So I'll close with some advice that, I believe, could well apply to anyone in any career.

First, simply put, what I've learned is not very complicated:

1. Think for yourself. Find reinforcement in the readings of those who agree with you, but don't forget to give even more heed to those who disagree. (Who really knows? They might be right.)
2. Use your God-given (and Princeton-enhanced) brain; keep thinking; keep challenging; keep reading; and if you're going to take “the road less traveled by,” do so only after you've walked around a problem and observed its possible solutions from all perspectives. “Knowledge is power.”
3. A professional is one who seeks to put his or her client's interests first, while the businessman (or woman) merely seeks to maximize profit. Put your professional instincts ahead of your business instincts. Remember to put the interest of your clients ahead of your own self-serving goals. (We all have self-serving goals; the question is where they stand in the hierarchy of our values.)
4. At least in the field of finance, never create anything solely for marketing reasons. “The crowd is always wrong.” Capitalizing on the fads and fashions of the day will, finally, serve your employers while hurting your clients. In my own career, I've made scores of mistakes—some major—but almost every bad decision I made came from placing “marketing” at the top of my priority list. I regret every one of them.
5. Never let your determination falter. Even when the world turns against you and ridicules your ideas, “Press on Regardless.” Yes, brains (IQ) must buttress your career quest, but

without Persistence and Passion (PQ), and unrelenting Curiosity (CQ), brains won't be enough.<sup>9</sup>

6. Above all, never lose your idealism. Most young collegians are idealistic, and during my four years at Princeton, I was surely no exception. But in all that followed, my idealism helped me through so many setbacks, and more times of sadness, disappointment, and frustration than you could ever imagine. But that idealism has never faltered, and is stronger than ever today. There's still plenty of work to be done by all of us to build a better world.

But a caution: Don't give too much credence to my insights. You're not me, and I'm not you. The really amazing concatenation of luck, ideas, events, great mentors, and timing (always!) that resulted in Vanguard will never be repeated in any other context.

Since you *are* you—and that's good!—what's to be said? To find your role in life, you must “come to yourself,” which happens to be the subject of a lengthy 1901 essay by Woodrow Wilson, Princeton Class of 1879, President of Princeton University, Governor of the state of New Jersey, and President of the United States of America. Bear with me as I close with these compelling excerpts from *When a Man Comes to Himself*<sup>10</sup>:

*. . . It is in real truth that common life of mutual helpfulness, stimulation, and contest which gives leave and opportunity to the individual life makes coming to yourself possible, makes it full and complete . . . In discovering your own place and force, if you seek intelligently and with eyes that see, you find more than ease of spirit and scope for your mind. You find yourself, as if mists had cleared away about you and you know at last your neighborhood among people and tasks.*

*To most human beings, coming to oneself is a slow process of experience, a little at each stage of life. A collegian feels the first shock of it at graduation, when the youth's life has been lived out and the adult's life begins. You have measured yourself with other youth . . . but what the world expects of you have yet to find out, and it works, when you discover it, a veritable revolution in*

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<sup>9</sup> These “Qs” are a slight variation on Thomas Friedman's formulation in a *New York Times* opinion piece on January 29, 2013.

<sup>10</sup> I've taken the liberty in substituting today's so-called “inclusive” language in these quotations, changing Wilson's male-focused nouns and pronouns. President Wilson's essay can be found in its entirety at [www2.hn.psu.edu/faculty/jmanis/poldocs/Man-Comes-Himself.pdf](http://www2.hn.psu.edu/faculty/jmanis/poldocs/Man-Comes-Himself.pdf)

*your ways of thought and action, your training was not for ornament or personal gratification, but to . . . serve the world and satisfy yourself. Then, indeed, have you come to yourself . . .*

*Surely you have come to yourself only when you have found the best that is in you, and you have satisfied your heart with the highest achievement you are fit for. It is only then that you know of what you are capable and what your heart demands . . . No thoughtful person ever came to the end of their life, and had time and a little space of calm from which to look back upon it, who did not know and acknowledge that it was what you had done unselfishly and for others, and nothing else, that satisfied you in the retrospect, and made you feel that you had played as a human being.*

Frederick Buechner, noted author and churchman, and a member of Princeton's Class of 1947, put it far more succinctly:

*To live is to experience all sorts of things. It would be a shame to experience them—these rich experiences of sadness and happiness and success and failure—and then have it just all vanish, like a dream when you wake up. **Pay attention to your life.***

To that final sentence, I can add absolutely nothing. **Pay attention to your life.**

Good luck to you all.