

# **“This Above All: To Thine Own Self Be True”**

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Thank you, Christopher Bogle Webb St. John, my wonderful grandson, for that lovely introduction. And thank you, Nicole Spagnola, long-time friend of my superb granddaughter Ashley St. John, for inviting me to join you and your upper school classmates today.

While I’m proud of my reputation, I confess to you all—this may surprise you—that I’m a bit intimidated to stand here before you today. While many of your parents may know a bit about me and Vanguard, you are probably wondering just what this ancient soul can possibly say that would even vaguely interest you. Why would I think that? Because I was actually your age once, trying to find my way in life, in school, and with my family and friends.

My hesitancy is illustrated by this story that I heard last year in a sermon by a Scottish preacher: A father is rapping on his son’s door, trying to wake him up to go to school.

Through the closed door, the son shouts:

“I’m not going to get up, and I’ll give you three reasons why.

“One, I hate school.

“Two, the children tease me.

“Three, because education is boring.”

The father shouts right back:

“You must get up, and I’ll give *you* three reasons why.

“One, it’s your duty.

“Two, because you’re 45 years old.

“And three, because you’re the headmaster.”

Well, despite my concern about “relating” to you young people of my grandchildren’s generation, I promised Chris and Nicole that I’d be here, so here I am. But unlike that apocryphal headmaster, I join you with anticipation and delight.

## **A Word About Vanguard and Simplicity**

I don’t want to say too much about my career. Creating Vanguard, and then running the firm during most of the years from its tiny inception in 1974 with but \$1 billion of assets, to becoming, 30 years later, one of the largest financial institutions in the world, managing \$750 billion of other people’s money is, well, whatever it is. But helping 16 million investors to accumulate wealth to help provide for their retirement savings, the homes they buy, their children’s college educations—and, for that matter, their children’s independent school educations—delights me. Rare is the day that passes without my hearing from, or talking to, at least one of these human beings whom Vanguard has pledged to serve with a sense of trusteeship, duty, and honor, which I understand is your chapel theme of this season.

What makes us unique? The first secret of whatever success Vanguard has enjoyed is that the less the money manager *takes*, the more the fund investor *makes*. Remarkable! So we hold our expenses to rock-bottom levels and manage our mutual funds primarily in the interests of their owners rather than

the interests of their managers. The second secret is that we offer investment programs characterized by utter simplicity. Our foundation is the “index” fund, a fund that simply buys shares in every stock in the stock market and holds them forever, an idea that, when we pioneered it nearly 30 years ago, was heresy. But of course it worked.

I’ve been described, and not kindly, as a poor guy whose only asset is “the uncanny ability to recognize the obvious.” Paradoxical as it may seem, that’s probably true. Although important ideas are said to go from *controversial* to *celebrated*, the ideas underlying Vanguard’s creation have actually gone from *contemptible* to *commonplace*. “The earth is round!” someone says, and the world’s first response is “you’re mad!” And then, after someone takes measurements, “Of course it’s round! Who didn’t know that?”<sup>1</sup>

### **Bumps Along the Road of Life**

But enough about success, whatever exactly that may be. Far more important, you should know that my life and career have not been without challenges. There are lots of bumps along the road of life—many of you have already had some—and all of you—yes, *all* of you—will one day face challenges that will demand that you draw on resources such as honor, courage, character, and determination that you may not even know you possess. Perhaps you can learn something from just four of the challenges that I’ve dealt with in my own life, each of which, however painful at the time, played a major role in whatever it is that I’ve been able to accomplish.

First, I grew up in a family of extremely modest means. Ever since I was about eight, whatever I needed or wanted, I had to earn the money myself. I’ve delivered papers; I’ve waited on tables—I did it in the summer and the winter; I did it at Blair Academy; and I did it at Princeton too. (I obviously had a talent for waiting on tables!) I’ve clerked in two post-offices, been a runner for a brokerage firm, and an intern reporter for a newspaper. I’ve managed a ticket office, served as a camp counselor, surveyed consumers, and shipped gift packages. Whatever it took, I did it. While most of you—certainly not all of you—are growing up with far more material advantages than I even dreamed of as a child, having to work never bothered me. It was simply my lot in life. (You could say it still is!)

But as I’ve told my own children, “I feel badly that you didn’t grow up with all the advantages I had.” Not disadvantages, *advantages!* Having to take responsibility, to be self-reliant, to follow orders, to deal with adversity, to work with people from all walks of life, to develop the determination required to overcome the challenges of life—all proved to be priceless blessings. So here’s **Lesson #1** of four. Whatever your own circumstances, “make the most of your life.” *Yes, you can do it too!*

Second, I nearly flunked out of college. Working my way through Princeton with those time-consuming jobs, and not the most intellectually gifted of souls, I stumbled badly in my sophomore year, especially over my economics textbook, written by a young economist named Paul Samuelson. My D+ average at mid-term, if it persisted, would have cost me my scholarship, and with it my Princeton career, for no one was going to pay my tuition for me. But I pressed on, recovered slightly, and ended the term with a not-entirely-snappy C average.

### **Never Give Up, Never, etc.**

But after stumbling so badly that my college education was at risk, my grades, magically, began to improve. To my astonishment, when I graduated, I was awarded high honors. Even more amazing, 50

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<sup>1</sup> This formulation was put forth in *The New Yorker*, April 1, 2002, regarding the ideas of philosopher Karl Popper.

years after *his* book had almost done me in, Dr. Samuelson, by then a Nobel Laureate in economics, wrote the foreword to *my* first book. **Lesson #2.** Never give up. Never. Never. Never. Never. Never! *Don't you ever give up either!*

A third anecdote: In 1965, I became the head of the mutual fund firm I had joined after Princeton. Headstrong, overly self-confident, ambitious, and immature—probably even stupid!—I put together an unwise merger with another firm. By the early 1970s, it backfired, and in January 1974 the new executives with whom I shared ownership banded together and fired me. I had made a huge error, and I had paid an enormous price for it. Who said life isn't fair?

Being fired isn't fun. But getting fired proved to be an opportunity in disguise, if very deep disguise. For it was that firing that gave me the opportunity to create Vanguard, and I leaped at the prospect. You could say that I left my old job the same way I started my new one: "Fired with enthusiasm." And that unique rebel firm that broke all the rules—a firm that might otherwise *never have existed*—has changed the world of investing for the better. **Lesson #3.** When a door closes (mine slammed), a window opens. *You will find that too!*

My fourth and final anecdote has to do with physical disabilities (I should probably use today's politically correct lingo, describing them as "issues" or "challenges"). In 1960, barely 31 years old, I suffered the first of many heart attacks that would follow. I was told that I would never work again, and that I was unlikely to reach age 40. But, thick-skinned and congenitally focused on just doing the day's labors, I kept on going. My flawed heart continued to deteriorate, and by 1994, only half of it was still working.

In October 1995, at death's door, I entered Hahnemann Hospital in Philadelphia to await a heart transplant. I was connected to tubes that bubbled life-sustaining medicine into me for 128 days before my new heart arrived on February 21, 1996. I'm now enjoying the ninth year of my miraculous "second chance at life," playing squash and biking again, climbing (small) mountains, working away, writing my fifth book, reveling in my family, and counting my infinite blessings. So, **Lesson #4** is my family's long-time motto: "Press On, Regardless." *And you too must press on, regardless!*

## **The Principles of Character**

When I talk about some of the principles of character that have helped me along the hard road of life—make the most of your advantages; never give up; when doors close, windows open; press on regardless—please understand that I'm talking not just about my own experience, but the principles of character that you will need if you are to deal successfully with the inevitable bumps on the uncertain road that each of you will march down, too.

No generation ever has it easy. Life has a way of creating new challenges, and the wealth of American life today has created its own challenges—a feeling of entitlement, of economic power, and of military might that has earned for our nation the admiration, the envy, and, yes, the hatred of much of mankind. The world in which you are growing up is more demanding than the more innocent world of six long decades ago, when I was about your age. I'm counting on you to help America to measure up to that challenge.

Competition is in the air, and healthy competition is what has driven our American society and our economy to world preeminence. But it is unhealthy competition that is, I fear, beginning to take hold. Competing to do your personal best is one thing, competing to gain, by fair means or foul, an edge over a classmate or a rival is something entirely different. A recent article in *The Princeton Alumni Weekly* described this as "The Age of Angst" for our young people. Your parents struggle to motivate you to do

your homework and excel—in studies, in sports, and in social and extra-curricular activities—often to get into one of the so-called “best” colleges. That’s fine, as far as it goes. But competition for what? For test scores rather than learning? For form rather than substance? For prestige rather than virtue? For certainty rather than ambiguity? For following their stars rather than your own?

I don’t mean to knock parents. After all, the fifth commandment says, “honor thy father and mother.” So always remember, as the old song goes, “be kind to your parents; remember that grown-ups are at a difficult stage in life.” But at least the older among you are at an age where it’s time to take much of the responsibility for your development to yourself. Most of you—even from the humblest of backgrounds—have grown up with entitlements—loving families, food and shelter, a peaceful community—that would be the envy of 99% of the world’s six billion citizens. With those blessings, you are indeed a royal generation. But not if you lack honor and character.

### **What Kind of Character?**

In a recent New York Times essay, David Brooks put it well: “Highly educated young people are tutored, taught, and monitored in all aspects of their lives, except the most important, which is character-building. But without character and courage, nothing else lasts.” What kind of character is it that you will need? The Old Testament describes it well:

“What is man that you are mindful of him, the son of man that you care for him?  
“You made him a little lower than the heavenly beings and crowned him with glory and honor . .  
“The fear of the Lord teaches a man wisdom, and humility comes before honor . . .  
“Humility and the fear of the Lord bring wealth and honor and life . . .  
“He who pursues righteousness and love finds life, prosperity and honor. ”

The affluent world in which you exist doesn’t easily create the ability to build your own character. Often building character requires failure; it requires adversity; it requires contemplation; it requires determination and steadfastness; it requires finding your own space as an individual. And it surely requires honor.

While as I grew up I had the advantage of having to earn whatever I got, most of you have the disadvantage of wealth. So, understand St. Paul’s warning, “they that will be rich fall into temptation and a snare and into many foolish and hurtful lusts, which drown men in destruction and perdition. For the love of money is the root of all evil.” But you needn’t love money to have money, so don’t forget, as you heard earlier, St. Luke’s demand, “For unto whomsoever much is given, of him much shall be required. . . And to whom men have committed much, of them they will ask the more.” And so the world will ask even more of you.

### **Be True to Yourself**

It’s up to you to decide just who it is you are, to establish the right expectations among those with whom you have walked, and will walk, along the road of life—parents, siblings, friends, teachers, spiritual advisers. How to do it? Shakespeare gave the best advice of all:

“This above all, to thine own self be true,  
“And it must follow as the night the day,  
“Thou canst not then be false to any man.”

So be true to yourself. *Be yourself!* And if you're not the kind of person you know you should be—the kind of person you want to be and can be—make yourself a *better* person. You can do it! For each one of us has within our own selves and our own souls the ability to be the exemplar of the dictionary definition of *honor*: “High in character, nobility of mind, scorn of meanness, magnanimity, a fine sense of what is right, and a respect for the dignity of virtue.”

Why seek honor? For the very reason that Shakespeare set down in Richard II:

*“Mine honor is my life, both grow in one.  
“Take honor from me and my life is done.”*

I've loved talking to you this morning. Unlike that headmaster whom I described at the onset, I'm glad I got up early, and I'm glad I came to school.

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