



# The Battle for the Soul of Capitalism

*John C. Bogle*

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## **The Battle for the Soul of Capitalism** John C. Bogle

There is no one better qualified to tell us about the failures of the American financial system and the grotesque abuses that have taken place in recent years than John Bogle, who as founder and former chief executive of the Vanguard mutual funds group has seen firsthand the innermost workings of the financial industry. A zealous advocate for the small investor for more than fifty years, Bogle has championed the restoration of integrity in industry practices. As an astute observer and commentator, he knows that a trustworthy business and financial complex is essential to America's continuing leadership in the world and to social and economic progress at home.

This book tells not just a story about what went wrong but, more important, the story of why we lost our way and of how we can right our course. Bogle argues for a return to a governance structure in which owners' capital that has been put at risk is used in their interests rather than in the interests of corporate and financial managers. Given that ownership is now consolidated in the hands of relatively few large mutual and pension funds, the specific reforms Bogle details in this book are essential as well as practical. Every investor, analyst, Wall-Streeter, policy maker, and businessperson should read this deeply informed book.

## **The Battle for the Soul of Capitalism Details**

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# From Reader Review The Battle for the Soul of Capitalism for online ebook

## Geordie says

Bogle gets to the soul of our society's greatest dilemma--the fact that our biggest economic sector is the financial sector itself. Instead of an economy that produces goods and services, we are an economy of that shuffles money around, mainly for the benefit of the rich. Sooner, not later, we'll milk ourselves dry.

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## Crease says

"He is certainly not a good citizen who does not wish to promote, with every means of his power, the welfare of the whole society of his fellow citizens." - Adam Smith

While Smith's writings are still widely read and quoted 200 years later, one of his dictums would appear to be quite false indeed. When Smith proclaimed "Capitalism cannot survive without morality", the common sense of the words created a false sense of security in the economic and political system of young America. For those allowed to participate in society's institutions, trusting and being trusted were the cornerstones of everyday dealings. But somehow we (or they, depending on where you fall in the socioeconomic spectrum) lost our way. Morality could aptly be described as a rarity in American's dealings with it's largest financial institutions. And because of this, Jack Bogle believes we need to act, or our day of reckoning may be near.

It would be more than a little naive to believe that capitalism would go the way of the dodo bird within my lifetime. But social unrest is the most transformative of movements, organised or not. Believing that the growing divide between the richest and poorest in society has been bought on by systemic problems within "Corporate America", "Investment America", and "Mutual Fund America", Bogle offers both how we got here, and sage advice for reversing what he describes as our conversion from "Ownership Capitalism" to "Manager's Capitalism."

While Bogle may also possess the most compelling pen in finance, inserting timely axioms, quotes, etc., he beats you over the head while making certain points. As you might imagine, the problems inherent with Corporate, Investment and Mutual Fund America, overlap. This causes Bogle to seem to just go on and on, even though the book is well under 300 pages.

Nonetheless, calling for financial intermediaries to behave in the best interests of their clients, a request both noble and naive, with an erudition and passion that few possess makes this a four star book.

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## C.B. Brooks says

More in depth discussions of the ways financial firms put their own profits ahead of their customers. Good for readers interested in mutual funds and investing. Sentences tend to be long and in two parts.

If it wasn't for Bogle and Vanguard, savers would never get fair treatment.

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### **Dan says**

Insightful but also very repetitive, probably not worth the read personally as the content is focussed on issues that almost exclusively exist in the American system.

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### **Kelvin says**

Although I am decently versed in finance this book was definitely an eye opener into corporate america, Investment america, and mutual fund america. it is refreshing to see that some one willing to stand up to such machines and willing to call them on their inefficiencies.

Most times when people call for reforms of the capitalist system they are usually devoid of ideas. this books is filled with ideas to help improve the matter. If you interested in capitalism, corporate governance, and financial common sense then this book is worth a read.

This book is particularly good at addressing issues within mutual funds. if you are aware of what you are reading, this book will seriously augment ones view on mutual funds.

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### **Rich says**

Extremely repetitive; I'm not exactly sure how many times he states "manager's capitalism over owner's capitalism" but it is well over a dozen. Bogle's enthusiasm and bombastic pronouncements about how the financial industry is changing do not hold up well considering the housing market scandal and subsequent collapse occurred just two years after this was written. Still, I have to give him some credit for it is rare to see someone in the financial industry call it what it is: a giant scam.

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### **Roxanna says**

John C. Bogle was a founder of Vanguard Funds. In this book he discusses a number of the systemic issues that threaten capitalism: diminishing sense of true ownership, speculation, management for management benefit. If you are studying economics or business, this is a must read.

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### **Nathan Albright says**

Those readers who are not aware of the generally corrupt behaviors of many financiers and business executives [1] may think that this title is a bit overly dramatic. Those whose hostility to these abuses often involves a fashionable hostility to capitalism may wonder why it would be worthwhile to fight for the soul of capitalism, on the other hand. In general, though, I happen to agree with the perspective and approach of the author, whose fondness for classic literature and biblical quotes and support of virtue is combined with a

sharp critique of contemporary business practice that is contrary to both biblical and classical conceptions of virtue. This book is a deeply serious one, full of close argumentation as well as immense historical sweep and a large degree of statistical support, as Bogle is making an argument that aims at both the body and the spirit, the mind and the heart, and is seeking to encourage a drastic reform of the way we currently do business in the hope that it will allow our culture's successful business practices to endure and not be swamped by corrupt crony capitalism, as is being threatened at present.

This argument is a tightly organized one that consists of ten chapters in four parts that take up almost 250 pages of material after the lengthy forward, acknowledgements and introductory history of the connection between capitalism and American society. The first part of the book examines the issue of corporate America (I), including what went wrong in the shift between owner and managerial capitalism (1), why things went wrong in corporate America (2), and how corporate America can be returned to the control of its owners (3). The author then turns his attention to the problems of investment America (II) with a look at what went wrong with auditors and financial managers (4), why things went wrong in the confusion of momentary stock prices and eternal intrinsic values (5), and how to fix investment America through the involvement of owners (6). The third part of the book turns its attention on the problems of mutual fund America (III) with a look at what went wrong in the triumph of salesmanship over stewardship (7), how mutual funds lost their way (8), and how mutual funds must be organized, operated, and managed for shareholders (9). The fourth part of the book consists of the author's concluding chapter and the author's hopes to begin the world anew in the 21st century (10), plans that have not gone well so far.

There are a lot of reasons why this book works so well. The author's quotations of the Bible, his paraphrasing of Gibbon's *Decline and Fall of the Roman Empire*, his keen awareness of the history of mutual funds and contemporary investment vehicles, and his own generally moderate and principled political beliefs combine to make this book a tour de force for the sort of reader who appreciates sound biblical and historical exegesis, a deep knowledge of history and business, and a critical approach towards the conduct of regulators and businessmen that does not involve a rejection of capitalism itself. The author is a reformer of the most principled kind, and someone whose own actions demonstrate a desire to provide as much as possible of the gains and profits of business for the investment success of investors, something that few people involved in financing can claim. There is a lot of repetition of particular points and concepts between the author's works, but that repetition is a matter of conviction rather than a lack of skill, and come off as a familiar and slightly cranky but generally astute observer of business. The author's humility in such circumstances, including his willingness to admit that he was too idealistic in his youth about the practices of managers, makes his argument all the more persuasive and powerful.

[1] See, for example:

<https://edgeinducedcohesion.blog/2018...>

<https://edgeinducedcohesion.blog/2017...>

<https://edgeinducedcohesion.blog/2015...>

<https://edgeinducedcohesion.blog/2014...>

<https://edgeinducedcohesion.blog/2012...>

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## **Rebecca says**

I would summarize this book as follows: corporations, just like governments, need checks and balances. Employees, boards and owners all play a role in keeping corporations in their place. They are not currently playing their role and as a result, the strength of corporations and returns on stocks are taking hits.

For example the following issues are (in the end) weakening capitalism: there are no checks on CEO compensation (and comp is too high), there are too many conflicts of interest for various involved parties, owners aren't fighting for their own interests, etc.

Even though this book was written before the housing crash of the late 2000's many of the points are still valid.

Stray interesting observations: \*The book discusses how capitalism still needs morals/ethics, which I found surprising \*Bogle makes the distinction that the finance industry used to be a profession but now it is a business (it has gone from helping people by doing a specific job to selling people products and marketing them to make you money) \*The book frequently repeated points, but made good ones \*I lost some of the confidence I had in the finance industry (not that I have that much anyways) \*Investing feels like a rigged game, that I'll never win, but I'll keep playing because what choice do I have

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## **Kim Scripture says**

More of my secret passion for all things economic.

If you are someone who is struggling with understanding investments and want to start with some basic knowledge, start here or with other Bogle books, not with the books by Orman or other investment gurus...first understand what is right and wrong with the system...then develop your own investment strategies and perhaps turn to the investment gurus for ideas within the context of this basic knowledge.

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## **Peter says**

This book has become more timely for me as the financial system has collapsed in late 2008. His ideas for reform are ethical, sound, and go to the heart of what ails the free market in America today. This book is not recommended for those who do not have more than a passing interest in economics, finance, and investing.

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## **Ridzwan says**

If you still think that mutual funds and unit trusts are still the best investments around, try having a shot at this book. It may alter your reality forever.

The Battle for the Soul of Capitalism exposes the decadence and corruption that takes place in the mutual

fund industry and how you, the individual investor, lose out ultimately.

In his timely classic, John Bogle argues that mutual fund companies these days have interests that do not run parallel to yours and how they have been trying to outdo each other in terms of volume while paying little attention to the average investor. On top of that, employee compensations in mutual fund companies have been hovering at obscene levels in the form of “management fees” while ultimately are chipping away at investor returns. Among the interesting issues pointed out is the fact that mutual fund returns has been dwindling while employee pay at these same companies are sky-rocketing through the roof.

As founder and former CEO of a mutual fund company, John Bogle is perhaps more than qualified to speak on the matter. On top of that, he has a no-nonsense and straightforward approach to the touchy subject of corporate America’s employee’s compensation. This makes for a very entertaining read indeed. Highly recommended.

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### **Amber says**

This book hits the nail on the head with the succinct assessment that we have lost our ownership society. This is no where more evident than in Generation Y, where more and more you see a hesitancy to invest in the market or purchase a home born out of witnessing the housing bubble and recession of 2008. It seems rare in today's financial sector to find people who promote good stewardship and ethics. I appreciate Bogle standing up for the owners and stewardship, and promoting a return to an ownership society v. One run by middle managers. The book can be a little repetitive but it certainly accomplishes the task of driving the point home.

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### **Justin says**

I couldn't find much to guide my investments. This seemed more like a wish for how the industry should work.

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### **Paul says**

Old rich man going senile yells at staff who are stealing from him.

This is such a narrow view of capitalism, the book should be titled "managers are stealing my shareholder money!". It's all about the stock market - because a few white collar criminals stealing from the rich is the main problem of capitalism and not the rich exploiting their position and changing the rules to strengthen it further.

The whole book constantly repeats the same message over and over: capitalism should benefit people who are rich and not people who manage their money. I get it, you're probably right too but the fact that you think this is somehow key to fixing problems with capitalism is laughable. Between this, the constant self-aggrandisement and the pretentious literary quotes this books is the biggest crime of capitalism.

