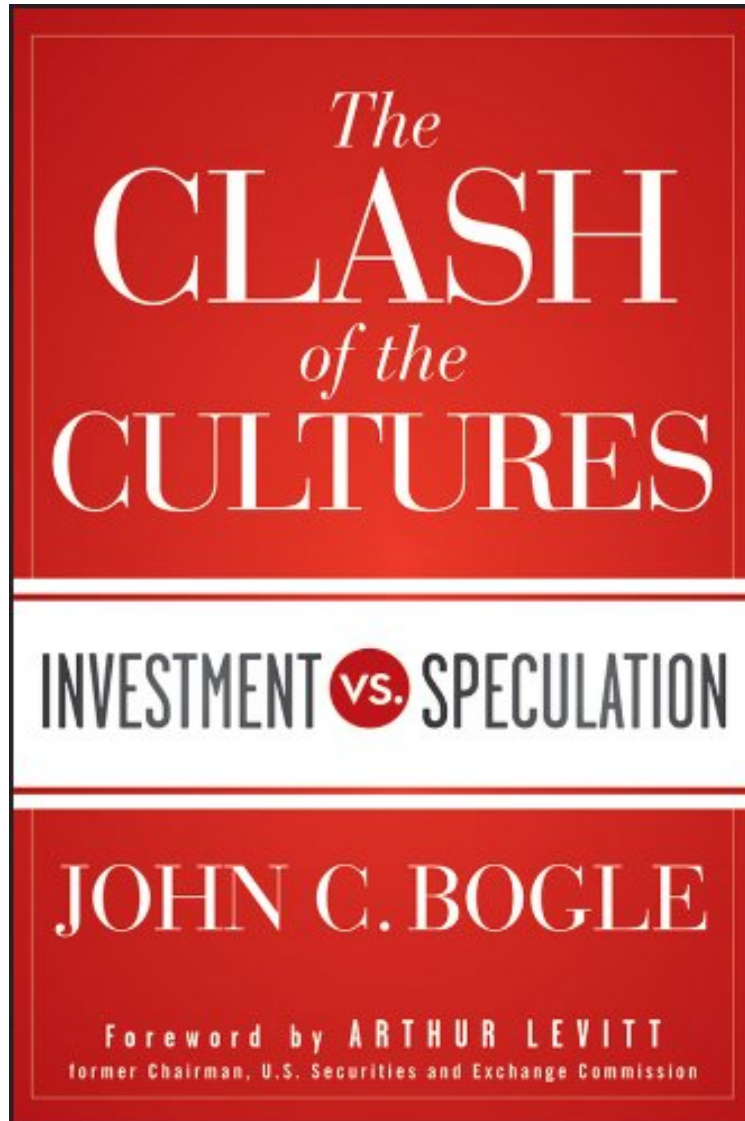


(Ebook free) The Clash of the Cultures: Investment vs. Speculation

The Clash of the Cultures: Investment vs. Speculation

John C. Bogle

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John C. Bogle : The Clash of the Cultures: Investment vs. Speculation before purchasing it in order to gage whether or not it would be worth my time, and all praised The Clash of the Cultures: Investment vs. Speculation:

75 of 78 people found the following review helpful. What a Great Book!By Book-Movie-Music LoverWhether you are new to investing or a veteran, this should be a "must read." Indeed, the take-aways are very simple: If you want to succeed in investing, invest in index funds, and hold them long-term. Bogle eschews specialty investing (funds or equities other than broad market index funds), and he eschews speculation even more. So, in theory, one could take a pass on reading the book and walk away with this advice (which, actually, has been around forever) for free. But that's not the purpose of the book. What the book does is explain, in incredibly persuasive detail, WHY Bogle believes what

he does, and why his approach makes sense. Unless you understand the realities of why his approach is preferable, then it is unlikely you will seriously consider his advice. Indeed, the book does have some shortfalls. Probably the most egregious shortfall is one that is common in virtually every "how to" or "self-improvement" book: failure to kick the readers in the butt and place some of the blame for their problems on themselves. Have you ever read a psychology "self-improvement" book that told the readers they were screwed up and that the problems they had were their own fault? Of course not. You don't want to get your readers angry, even though this is what they really need to hear. In "Clash of Cultures," Bogle NEVER blames individual investors for their problems (i.e., stock market losses). He blames everyone else possible: Congress, the judiciary, public accountants, the press, security analysts, corporate directors, fund managers, and so on. If you operate under the assumption that your problems are everyone else's fault, then you end up in "victim mode," and you wait around for the other people to decide to become honest and nice, so that your life can change. It ain't gonna happen. If you want to solve your problems, you have to take action yourself, and that involves placing the blame squarely where it belongs - on yourself. As the old saying goes, "When you point the finger of blame at someone else, there are three other fingers pointed right back at you." In other words, one shortcoming of this book is Bogle's reticence to make it clear that investors are responsible for themselves. More specifically, they can't expect to succeed unless and until they educate themselves. Handing money over to other people to manage for you, and then sitting back "fat, dumb and lazy" hoping the other people will do the right thing with your money and have your best interests at heart, is a prescription for disaster. Another shortcoming of the book is that, given Bogle's 61 years in the mutual fund industry, he has a fondness for it over other investment vehicles, such as ETFs. He doesn't bash ETFs. He simply points out the fact that people who own mutual funds tend to hold them for long periods of time, while people who own the same basket of stocks in ETFs tend to buy and sell on a regular basis. This isn't a slam against ETFs. It is a slam against the people who own the ETFs. In other words, there is no requirement that, if you purchase an ETF, you have to sell it quickly. Bogle does admit (but glosses over this fact very quickly in only a couple of phrases in a couple of sentences in the book as quickly as he can) that ETFs can be less expensive than mutual funds in terms of fees. As such, logic seems to dictate that, if you want to purchase a broad market fund and are willing to hold it for a long time, then an ETF makes much more sense than a mutual fund, simply because the ETF will have lower fees in the long run. Again, though, Bogle doesn't come right out and emphasize this. Other than these two shortcomings (letting individual investors off the hook and not more actively publicizing the lower costs of ETFs), this book is monumental. If you currently invest with a belief that you are smart enough to "beat the market" long-term and/or someone who prefers speculation (in and out buying and selling) to investment (buy and hold), reading this book might actually change your mind - and make you more money in the long run. 20 of 20 people found the following review helpful. Another Jack Bogle classic book By Artepheus (.I was already a life-long fan of Jack Bogle and his low-cost index funds. I have probably read about 4 of his previous books. Since I was already familiar with Jack's work, there were few surprises for me in this book. As William Bernstein pointed out in his review, the large Wall Street investment firms have been a failure in terms of helping the average investor achieve his financial goals. Billions, yes billions of dollars are paid out in Wall Street bonuses every year, primarily for figuring out how to sell people and firms investments they should not buy. Just read a few books by people that worked on wall street for a few years...and you will get the idea. Many firms are legally bound not to buy investments that have too high of credit risk. Wall Street employees spend their time figuring out how to get poor investments rated as excellent so they can sell them. Someone recently pointed out the only innovation from Wall Street or the big banks in the last 25 years that has actually helped investors is the ATM. I would argue that Jack Bogle inventing the index fund was the best thing that happened to investors in the 20th century. If you have not read any of Jack Bogle's books, this is a good one to read. I found it encouraging that index fund stock investing now is about 28% of all money invested in stock mutual funds. Hopefully this percentage continues to trend higher as people figure out that Wall Street is not your friend. 6 of 6 people found the following review helpful. Eye Opening By John Replinger I've read lots of investment books about market and investment strategies. Bogle presents a well written account of the changes that have occurred in recent decades including very high levels of turnover, the inherent conflict between fund managers and their customers, the creation of mutual funds, index funds, and ETFs. I found the comparison between fund managers (mutual, privately held, and publicly traded) to be fascinating. I hadn't realized that so much money is paid to fund managers. I think he's right in comparing the "take" by fund managers to be similar to that by the house at casinos. As Bogle points out, the combined performance of all investors balances out to equal the market returns. The winners balance the losers. But, we all pay for management fees and commissions, which makes the management companies the real winners. Bogle has just about convinced me that a broad market index fund is the only way to go. I need to dig through my records and see just how well or poorly I've managed over the years. I rather suspect I'd have been much better off with with an SP 500 index fund or broad market fund than my past approach. Even if you think you've been beating the market, you should read Bogle's book. It was truly an eye-opener for me.

Recommended Reading by Warren Buffet in his March 2013 Letter to Shareholders How speculation has come to dominate investment—; a hard-hitting look from the creator of the first index fund. Over the course of his sixty-

year career in the mutual fund industry, Vanguard Group founder John C. Bogle has witnessed a massive shift in the culture of the financial sector. The prudent, value-adding culture of long-term investment has been crowded out by an aggressive, value-destroying culture of short-term speculation. Mr. Bogle has not been merely an eye-witness to these changes, but one of the financial sector's most active participants. In *The Clash of the Cultures*, he urges a return to the common sense principles of long-term investing. Provocative and refreshingly candid, this book discusses Mr. Bogle's views on the changing culture in the mutual fund industry, how speculation has invaded our national retirement system, the failure of our institutional money managers to effectively participate in corporate governance, and the need for a federal standard of fiduciary duty. Mr. Bogle recounts the history of the index mutual fund, how he created it, and how exchange-traded index funds have altered its original concept of long-term investing. He also presents a first-hand history of Wellington Fund, a real-world case study on the success of investment and the failure of speculation. The book concludes with ten simple rules that will help investors meet their financial goals. Here, he presents a common sense strategy that "may not be the best strategy ever devised. But the number of strategies that are worse is infinite." *The Clash of the Cultures: Investment vs. Speculation* completes the trilogy of best-selling books, beginning with *Bogle on Investing: The First 50 Years* (2001) and *Don't Count on It!* (2011)

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