

# KUNHARDT **FILM** FOUNDATION

WARREN BUFFETT INTERVIEW  
*BECOMING WARREN BUFFETT*  
KUNHARDT FILM FOUNDATION

WARREN BUFFETT  
**October 7, 2015**  
Interviewed By: Peter Kunhardt  
**Total Running Time: 48 Minutes**

## **TITLE**

Berkshire Hathaway shareholders meeting

**10:08:10:07**

### **WARREN BUFFETT:**

Well a B—Berkshire Hathaway shareholders meeting is partly a class in business, it's partly a fun festival, it's sort of a Mardi Gras for people who come every year. It's a chance for us to have a lot of fun and meet the people who have entrusted us with their money and we wanna make sure they have a good time and we hope they learn more about the—not only Berkshire but just the attitude they should have toward investments in general.

## **TITLE**

The Berkshire Hathaway team

**10:08:48:21**

### **WARREN BUFFETT:**

We're a—Berkshire is a corporation but it goes beyond that, and—and—and in terms of our—our feeling toward the people who are shareholders, we regard them as our partners. Charlie and I are the managing partners, the others are—are—are silent partners but the attitude is partnership. They—they're not some faceless group of people and th—that's why at the annual meeting, ya know that's why I love seeing forty thousand of em or so; its—it gives real meaning to what we're doing every day.

**TITLE**

On writing the annual report

**10:09:20:18**

**WARREN BUFFETT:**

Yeah well I—I'm probably one of the only CEO's that actually enjoys writing the annual report, or as some writers say, I enjoy having written of it—having written it. The—the actual process of writing it could be a lot of work but I want to—I want to tell them or talk to them about what I would like to know if our positions were reversed, and they were running the company and I was the shareholder so I—I mentally envision my two sisters Doris and Bertie, they're very, very smart.

**10:10:08:18**

They have a very high percentage of their net worth in Berkshire so they're interested but they're not following business day to day. So I—I pretend that they've been gone for a year and I'm bringing them up to date about the kind of things I would like to know if they were running the business and I was the silent partner.

**TITLE**

On "The Science of Hitting"

**10:11:12:11**

**WARREN BUFFETT:**

Ted Williams wrote a book called "The Science of Hitting." And in it he had a picture of himself, a bat and the strike zone broken into I think 77 squares all the way from the letters down to his knees, and the width of the plate. And he said if he—the most important thing in—in batting was to wait for the right pitch. That if he waited for the pitch that was really in the sweet spot, he would bat .400 and if he had to swing at something on the lower corner, he would probably bat .235.

**10:11:46:20**

And—and in investing, I'm in a no-called strike business, which is the best business you can be in. If—if the count on Ted went to 0-2 or 1-2, and that ball came across the plate in that corner where he only batted .235, he still had to swing or he would have been called out. In investing there are no called strikes, I can look at a thousand different

companies, and I don't have to be right on every one of them or—or even fifty of them or even twenty-five of them. I just—the only—only way I can have a strike call is if I swing and miss. So I can pick the ball I want to hit and I can wait there and the pitcher can throw pitch after pitch and if they are not in my sweet spot, I don't have to swing and that's an enormous advantage over most businesses.

**10:12:55:17**

The problem of course is, that if you have an audience that's say—yelling swing you bum while you're waiting there with a bat on your shoulders, time after time you may get tempted to swing at the wrong pitches so you have to make sure you—that you don't psychologically get in the position where you have to swing at pitches that really aren't in your sweet spot.

**TITLE**

On decision making

**10:13:21:19**

**WARREN BUFFETT:**

Yeah, probably if I make one good decision every two years. You have to make very, very few decisions in investing in your life; you might say that a person who bought Berkshire Hathaway fifty years ago only had to make one decision. And there's a temptation for people to act far too frequently in stocks simply because they're so liquid; they know they can't buy and sell farms every day or buy and sell apartments every day. They can buy and sell stocks and that's— in a very liquid market with very low transaction cost, that should be a huge advantage but people turn it into a disadvantage because they think the availability of—of the opportunity to trade is something that they have to take advantage of every day and actually active trading just costs them a lot of commissions. The main thing to do is to buy into a wonderful business and just sit there with it.

**TITLE**

Getting requests in the mail

**10:14:14:20**

**WARREN BUFFETT:**

I don't—I would say I get very little hate mail. I get a lot of requests for money. I had one fellow that would ask me for 1.3 billion, he wrote me about seventy times and he never dropped his price, I kind of admired his position of non-negotiation. But I—there may be a social—probably when I wrote about taxes I got—I got a few letters saying you know, why don't you give all your money to the US government if you think they're so wonderful. But I—I would say there's very very little hate mail.

**TITLE**

On Omaha and Nebraska

**10:15:26:21**

**WARREN BUFFETT:**

Well, Omaha and Nebraska are home to me and—and—and I had a great time growing up here until I was about twelve, then we moved to Washington. I made lots of friends. Everything about it seems like home. I go back, I've probably gone back at least a half-dozen times to my grammar school, Rose Hill, and I go there for fairs they may have, occasionally I might even talk to a grade school class or two. There's a lot of continuity, there's a lot of community, there's a lot of friendship. I know the—I probably know the parents and grandparents now of a lot of people I meet but if I go to a restaurant here, there's a lot of people that just say "Hi Warren" to me, that either I know, or th—they're just friendly. My children had a good time growing up here, they had their aunts and uncles and grandparents living within a mile or two so its been—it's a very solid place and friendly place in which to grow up and in which to conduct business. We have twenty-five people in the office and if you go back a year ago to the Christmas party, we're gonna take a picture of the twenty-five this year; it's the exact same twenty-five as a year ago, the exact same ones. Now we have a company of about 350,000 employees and here in the headquarters, I don't think there's another company in the world that probably didn't have—they—we didn't go up one, we didn't go down one, and we didn't change one.

**TITLE**

Working in Omaha

**10:17:01:22**

**WARREN BUFFETT:**

Well working in Omaha certainly maximizes both my enjoyment and my output in terms of work. I mean everything is made to order. I live five minutes away, I—from the office. I've been making that five minute trip back and forth now for what, 53 years? You know—there's no stress, I have—I have no stress whatsoever in business. I think its probably helped me not only live longer but I—I've certainly lived happier as well.

**TITLE**

Early partnerships

**10:17:50:18**

**WARREN BUFFETT:**

Yeah, I had a—when I came back from New York in early 1956, I had re—no idea what I was going to do. I knew I was gonna take some classes at school, I knew I was gonna do a lot of reading, I had no idea that I would set up an investing partnership. But a few months after I came back, a few members of the family said, “what should we do with our money?” And I said, I'm not going back into the business of selling stocks but if you would like to join me in a partnership, somewhat along the lines of the one I worked for when I was with Ben Graham, I said I'd be glad to do it. So within a couple of months after coming back, I set up the first partnership. And I was then renting a house; I never owned a house to that point. I was renting a house a block and a half away from the family grocery store, and in it had a little tiny room off the bedroom and that became the office and then two years later I bought the house I live in today in 1958 and that too had a room off the bedroom and I worked out of that room for about four years so there was about six years in which I worked at home. I drove down and picked up the mail, I wrote checks eventually, I was running eleven partnerships finally. I wrote all the checks individually, I filed eleven income tax returns, I took delivery on stocks for all these different companies; I—I was a one-man band there for six years.

**TITLE**

Kiewit Plaza

**10:19:53:23**

**WARREN BUFFETT:**

There came a time at the start of 1962, I—I moved to Kiewit plaza, they were just building the building then and finishing it and I hired two people, one—one was a secretary and one was a fellow that analyzed investments with me, Bill Scott. Bill and I are still friends, he still lives in Omaha and—and we started to look like we were—really were a business. By the time I moved to Kiewit plaza, we had 7 million dollars invested. We—we started—the first partnership started with 105,100 dollars. I put up a hundred and the other people put up 105,000. And then as—as people came along and saw what was being done in the earlier partnerships, I made this mistake of forming new partnerships. So I had this multiple—multiple checks, multiple tax returns, and all that sort of thing, finally it just made sense to put them together. So when I put them together in January 1<sup>st</sup>, 1962, we had seven million and a lot of that was new people that had come in over the years and some of it—a fair amount was profits.

**TITLE**

Closing down the partnerships

**10:21:48:23**

**WARREN BUFFETT:**

I really—I closed down the partnerships, well just one partnership by that point, I closed down the partnership at the end of 1969 because I really wasn't seeing opportunities in the investment world and—and—and there were some really crazy things going on in the late 60's and I didn't want to do that— I understood what people were doing but I didn't believe in what they were doing. So I didn't want to join that game. On the other hand, I didn't like sitting it out and having my results look bad, so I decided to—to give the money back to the partners. I didn't think—I didn't want my competitive juices to force me to play in a game where I really didn't think I had an advantage anymore, so it was a—it was a lifestyle decision. I had all the money I needed and the partners had all done well and I had a way of

providing for their contingent shepherding by a couple of friends of mine that were very good managers. The—I had various social ideas too but—but the two were not in conflict, I could have gone on a—on a double track throughout the rest of my life and in a certain sense I have, but not in—I didn't have that all planned out back in 1969 when I decided to wind up the partnership.

**TITLE**

Letting his hair grow

**10:23:11:06**

**WARREN BUFFETT:**

Well there was a time in the late 60's when my wife Susie said to me, she said "I don't mind being married to the next to last guy in the country to have a crew cut" but she said "I really wouldn't want to be married to the last guy." So at that point—at that point I left the crew cut style.

**TITLE**

The Stage Delicatessen party

**10:23:35:02**

**WARREN BUFFETT:**

We had—we had a trivia—Susie was great at planning parties, and so she was very imaginative; we had loads of friends and so I like—I liked the Stage Delicatessen in New York so when we were in New York, I'd al—I'd al—we'd always go by there, Susie and I so she decided to have a Stage Delicatessen party in Omaha and—and I don't know how many people we had, we had a lot of people over that—that night and everybody had a lot of fun. It was—it was the—it was the 1960's and—and she was imaginative about parties and—and she was good at it and she—she threw herself into it and came up with a lot of good ideas. I just went and ate the food and paid the bills.

**TITLE**

Taking control of Berkshire Hathaway

**10:25:05:16**

**WARREN BUFFETT:**

Well I—the partnership had acquired control of Berkshire Hathaway in 1965, and although I never took the chairman’s role or the presidents role, I was in charge of Berkshire Hathaway. We owned control of it so I made all the decisions. I bought National Indemnity. I bought the Sun newspapers for it, the fellow who operated the textile business checked with me on buying new equipment and so I was the CEO but I never saw a—there was no reason to take the title. Malcolm Chase who was chairman was a wonderful gentleman who had helped me in acquiring control of Berkshire so there was no reason to change his title, he remained the chairman. But he—he was not running the business. He—he—he let me run the business and there was no need; It was clearly the Buffett partnership was the controlling shareholder. When we dissolved the partnership at the end of 1969 and distributed the—the Berkshire stock, I took on the title of chairman just to formalize it going forward now that the control block had really been broken up with our various partners but nothing really changed in 1970 from 1969.

**TITLE**

Speaking out on social issues

**10:26:39:03**

**WARREN BUFFETT:**

Well I think—I think the desire to participate in some of the conversation on things like civil rights or—or the right to family planning or something like that. I mean if—if—if I can’t speak out on it, who can? I mean, I can’t be damaged in terms of ya know my employer fired me because I made some talk some place and—so I’ve—I’ve had strong feelings on certain social policies and you can’t pop off too often, I mean there—some very, very rich guy pining on everything can get a little—get a little boring after a while, so I don’t wanna do it too often, but when I do see myself paying a lower tax rate than anybody else in the office, I mean that bothers me. It—it—it—the degree of inequality in our—the richest society that the world has ever seen bothers me. I don’t want to throw away that greatest society that’s ever existed in the process of changing things but I—I get—I feel like speaking—I like running Berkshire but I can’t—I can’t



pretend I'm not a citizen either. When—I've said at the shareholders meeting, that I'm willing to work for a very small salary, but I'm not willing to—I'm not willing to put my morals in a blind trust and that does not come with the job so if—if people that are shareholders of Berkshire are bothered a little bit about me speaking out on taxes or something the sort, you know, they'll either have to accept it or go elsewhere because I—I really don't feel I should give up my citizenship just because I have a—a job as a head of a major corporation.

**TITLE**

Lucky to be born in America

**10:28:29:01**

**WARREN BUFFETT:**

America—America has been unbelievably good to me and my family; you know there's seven billion people in this world and only 320 million plus are in The United States. I mean I was very, very lucky to be born in this country and at—and—and in a time where America's prospered like never before. So it—and it isn't because I'm a better person than the guy next door, I just—I'm wired in a certain way that enables me, just like some people are good at chess, some people are good at bridge, some—you know, some people are good at writing musical scores, I happen to be good at something that pays off enormously in this society. Wouldn't have paid off that well 200 years ago, it wouldn't have paid off that well in many other countries, so America's been extraordinary for me and it's gonna be better in the future overall so I just—I would like to see everybody participate, not equally at all but—but nobody should have a bad economic future in The United States. We can afford for everybody who's willing to work to get a decent result in this society.

**TITLE**

The best physical gift he's been given

**10:30:16:11**

**WARREN BUFFETT:**

Well the best—the best gift I was ever given was to have the father I had when I was born. I mean it—It had nothing to do with that. I w—I was also—I was genetically blessed with a certain wiring that's very useful in a highly developed market system where there's lots of chips on the table and you know I happen to be good at that game and other people are wonderful with their hands in medicine, they can do things surgically that I never could do, other people can play the piano magnificently, there's all kinds of different gifts but I happen to be given one that—that has enormous commercial value at this time in this country, so I would—but where I've really been blessed is—with the people that I've come in contact with. Some of them, I'll give myself some credit for choosing to be associated with but if you start off with my dad, I had no—no—no—no voice in that and—and just think of the wonderful start that gave me in the first 20 years of my life or really as long as he lived.

**TITLE**

On Charlie Munger

**10:31:33:16**

**WARREN BUFFETT:**

Well Charlie Munger has been a wonderful partner, and he—he's ungodly smart, he--he's got a much broader intellect than I do; he's a—he's—he's a smarter guy in about a hundred fields than I am. He's—he's magnificent at being able to condense important ideas into just a very few words and he's always honest in—in what he tells me, so I—I listen to him. In fact I just changed my behavior on something last week because of—of a probably ten-word sentence he said to me. In investing, he had a big impact on me in—in—in moving me somewhat away from Ben Graham and looking for really wonderful companies at fair prices rather than fair companies at wonderful prices. So—so he—he moved me toward quality businesses and that was enormously important because it enabled Berkshire to scale up in a way that would have been impossible buying the kind of lower grade businesses we bought at cheap prices originally.

**TITLE**

On Susie's role in his success

**10:33:00:03**

**WARREN BUFFETT:**

Well Susie, when I was in my teens, I developed re—really pretty decent skills in terms of business but—but I hadn't really come to terms with the world exactly, and I was an unbalanced individual, I may still be but I—but she—Susie really put me together and she was the one that had the little watering can and I was the seed in the soil but it took the watering can from Susie to help me really grow up and mature; she was a wonderful person and she believed in me, she—she—she—she put me together, and I would—I would not have been—I would not only have turned out to be the person I turned out to be, but I—I would not have—I actually wouldn't have been successful in business without that, she made me more of a whole person.

**10:34:19:14**

She never cared about money or business at all. One time we had dinner with a friend of mine, Herb Wolfe in New York, and as we were coming back on the subway through Manhattan, he lived out our ways, she said Warren, she said "how many hundred-thousands are there in a million?" And at that time, I knew I shouldn't turn the checkbook over to her.

**TITLE**

On falling in love with Susie and getting married

**10:34:56:19**

**WARREN BUFFETT:**

Well, I don't know that, you know you'll have to go to Rodgers and Hammerstein or somebody to figure out exactly what happens when you meet somebody and—you know, that stranger across the room or something of the sort, but—but I knew she was for me and I didn't waste any time. I-I wasn't getting any place for it, but my pursuit was—was avid and—and—and she married me when she was 19 and I was 21. I bought the ring, I told Bill Gates when I was trying to sell him a ring when he was gonna get married in 19—he got married on January 1<sup>st</sup>, 1994, I said I spent 6% of my net worth on my ring for Susie so I think when you come out to our jewelry store, that—that's

just—it's a guideline, but you know, you might bury it a little bit but 6% is more or less the standard amount.

**10:35:55:20**

The wedding day was kind of interesting because I was a member of The National Guard, here in Nebraska and on April 19<sup>th</sup>, 1952, the Missouri river was coming up over it's banks and I was getting married at three in the afternoon, and at noon, I got a call and the guy—I answered the phone, and the fellow said "Corporal Buffett," I said "yes sir?" he said "this is captain murphy, " he said "what time are you getting married?" and I said "3 O'clock" and he said "well, we've been activated so be at the armory at 5." So that was—that was not an auspicious start for the wedding day. And a little while later I got a call from the commanding general of the 34<sup>th</sup> division, and he said "I'm countermanding Captain Murphy's orders so go and have a great time on the honeymoon." Fortunately, my original call from Captain Murphy, Captain Murphy stuttered somewhat; otherwise I would have thought it was one of the ushers in the wedding or something playing a game onto me, I might have—I might have made some comment that would've landed me in the barracks for a few months.

**10:37:07:17**

I did not wear my glasses on my wedding day, I can't—I couldn't then, one of the eyes has been corrected somewhat but I couldn't see anything without my glasses and I was so nervous that I—I just decided to take off my glasses and I wouldn't—I wouldn't be able to see all those people out there.

**TITLE**

Susie and singing

**10:37:29:00**

**WARREN BUFFETT:**

Well she had a fantastic voice and—and—and she always liked to sing; I liked to sing too but unfortunately I didn't have the voice she had. But—so she decided in the mid 1970's that she'd like to try and do it in front of crowds. It's not fun initially singing in front of crowds but I encouraged her to do it and—and she started performing there locally some, and then she also did a little—a little bit in New York. My friend Bill Roane (**last name might not be correct**), we started

calling him Broadway Bill because he went around Greenwich Village and places, lined up gigs for her. She was very, very good.

**TITLE**

On his diet

**10:39:12:16**

**WARREN BUFFETT:**

Yeah well I like to eat everything that I had on my sixth birthday party. I thought everything on the menu there was superb, with hamburgers and hotdogs and coke and chocolate sundaes and so I found what agreed to me at a very early age and continued now to age 85 and it still seems to work. I've—I really never eaten—I don't see any reason to eat your 40<sup>th</sup> favorite food when you can eat your favorite food and—and I really found that I've had 500 dollar meals or maybe even 1,000 dollar meals and I've found they're not as good as, you know, what I can have when I get a good hamburger and some french-fries and a coke so—I—I don't see any reason to—to eat what other people like and I know that if I had been eating broccoli and spinach and Brussels sprouts and asparagus all my life, that—that I don't think I'd have lived this long. I—think that—I think that it would have seemed like a long time but I—I think my diet has worked very well for me. I'm not advocating it for others, but—but it seemed to have worked very well for me.

**TITLE**

His mother

**10:40:49:15**

**WARREN BUFFETT:**

Well my mother had a tough time, I mean her—her mother ended up in a mental hospital and—and—and she already—she carried a lot of the burdens of the family; her brother who she worshipped died very young, and she was looked at as the mainstay and—and you know, she'd followed my dad obviously to Washington. She pitched in on everything involving my dad but—but—she had—I'm almost sure that they were migraines—they had a different a term in those days for them. And—and so she—she had a—she carried a lot of the worlds

burdens on her shoulders and she—she would—she would be difficult sometimes and she could be wonderful other times. But—but when she got difficult, the—the three children felt it.

**10:42:01:12**

She was very, very bright and she was very gregarious, she was a good campaigner for my dad, but—but she'd gone through a lot of strains, I mean she—after she—after she graduated from high school, she worked for a couple years before, to get the funds to go to the University of Nebraska where she met my dad and—and I think there was a lot of unhappiness which she never talked about in her growing up that affected her attitude to some extent and I think—they—they didn't call them—I forget the term they used in those days but I think they were migraines, and she was in physical pain a fair amount of the time.

**TITLE**

His father's nickname for him

**10:42:52:19**

**WARREN BUFFETT:**

Well he had various nicknames for me, he'd call me fireball sometimes, and it would— you know I got very interested in the stock market, so Jessie Livermore was a famous stock speculator, sometimes he'd call me that. He had—he had a lot of different names for me that—that—but—he prob—probably fireball was the number one term. I had a lot of energy as a kid, I—I still have a lot of energy when I'm doing something I like and—and I was—I was inquisitive—and—and—I—and I liked to talk to grown-ups a lot so any time his friends came over or the families friends, I would have a great time talking, I usually would talk to the men when they came over but if I was wandering around the neighborhood, I'd—I'd go in and talk to housewives in various places, I—and I—I had a lot of energy and ideas you know—and I'd start little businesses or something of the sort, and—and I think he was kind of was entertained by it, I think maybe that's where the fireball came from.

**TITLE**

On the public library

**10:44:08:16**

**WARREN BUFFETT:**

Well when I first—first books I read on investment were actually in my dad's office. I would go down on—on Saturday; he would have lunch at Johnny's Café, with his—either one or two partners at the South Omaha Feed Company and so I would—I loved to go to those luncheons, but I'd get down there early and I'd be reading the books in the office, and pretty soon I read all the books in the office, so I started going over to the public library and—I—you know I loved to just run, go to the stacks where the business books were, and I'd—I read them all—all the investment books well before we moved to Washington when I was 12, and read some of them more than once. And—you know I basically loved reading and the library, we didn't buy books in those days, the library was—was a great place for me and I would—I would take the streetcar down often and go to the YMCA and go to the library and then go home around dinnertime. I actually got locked into the—what was then the University of Omaha library one time when I got—I got terribly enmeshed in reading in some stacks that were way in the back and they locked the place up and I couldn't get out so I—it took me several hours before I could rouse my father in law who was the dean there and he got a janitor to finally let me out of the library.

**TITLE**

What he was like as a boy

**10:45:51:23**

**WARREN BUFFETT:**

Well when we were in Omaha, before I was—we moved to Washington, I would say I was quite gregarious and I would—but I was gregarious with the adults as well as kids. I was—I was certainly—shy with girls, although that was not unusual in those days. But I—I—I've always—I like being with people.

**TITLE**

The importance of focus

**10:46:33:11**

**WARREN BUFFETT:**

Focus has always been a strong part of my personality. If I get interested in something, I get really interested. And—and that was true about any subject. I mean my—if I get—if I get interested in a new subject, I wanna read about it, I wanna talk about it, you know I wanna meet people who are involved in it. And—and—and—but—that's true about most of my friends. Charlie Munger is a very focused guy that—for example. And—and I don't think I could have done remotely what I've been able to do in business unless I—if I hadn't had that really intense focus. I mean I—I would go through a 2000 page Moody's manual, page by page at night, you know looking at companies, thinking about them and it—it really—it—it paid off.

**TITLE**

Relationship with his sisters

**10:49:45:11**

**WARREN BUFFETT:**

My—my two sisters, about equidistant on either side of me, couple years older with Doris, couple years younger with Bertie and—and we had—we had a lot of fun together. They, as they grew older, that—you know, Doris got interested in boys first because she was the oldest, so there were—the age difference to some extent affected the relat—the precise relationship we had at any time but I really like both of my sisters a lot and we were competitive in certain ways. We used to have spelldowns in grade school where you'd have six from each class and you go to the next class upward, and those twelve would spell words until there were only six remaining and then they would go up to the further class. It was always my ambition to move up past Doris who was a couple years ahead of me and I'm sure Bertie's ambition was to get past me. So—but we—you know—we had—we had fun driving in the cars, we had fun singing, a whole bunch of different things. It—it was—I was lucky to have the sisters I had.

**TITLE**

The benefit of being the only son

**10:51:00:09**



**WARREN BUFFETT:**

When I was born in 1930, the difference between being a male baby and a female baby was—was huge at birth. My sisters are fully as smart as I am; they got better personalities than I have, certainly they did in our younger years particularly. No one ever said—my dad and mother loved us all equally; the teachers took equal interest in it—in us, but—but the expectations were just different because I was boy and—and they were girls. I mean the—the—the thought was for them that they should marry well and maybe learn to be a secretary or whatever it might be if they wanted to have some temporary employment before they got married and started having children. The expectation with me was, the sky is the limit and—it—it was just night and day. That struck me early on as incredibly unfair and—and—you know of course I continued to see other examples in my life, but the—the initial examples really were my sisters. I mean, here were—here were two human beings that—terrific personalities, very bright, you know—you couldn't have better people and the teachers never said to them “you don't have the same opportunities as Warren.” My parents certainly never said anything like that, but it was there and it was there throughout the society.

**TITLE**

Business and emotion

**10:52:39:12**

**WARREN BUFFETT:**

Well, in the investment world, you really—if you're emotional about investments, you're not gonna—you're not going to do well. I mean, facts are fact and reason is reason. And you can develop all these attachments or—or—or angers or whatever about your stock. I mean you may love the ones that go up and hate the ones that go down—that's crazy, I mean the stock doesn't know you own it. You may have all these feelings about the stock, the stock has no feelings about you. It's going to reflect what the company behind the stock does. So our—Charlie Munger's and my investment decisions and our business decisions don't have emotions in them. We have plenty of emotions for other situations; I mean it's not that we're unemotional about the people we care about or anything of the sort but business and

investment decisions, if you get emotions in the equation, you're gonna do a lot of dumb things.

**TITLE**

Changes in American business

**10:53:53:05**

**WARREN BUFFETT:**

I really think that business in America— obviously the countries develop, new products come along and all of that, but I think the role of managers really hasn't changed significantly. I mean you want people who are leaders, people who can—who can see over the next hill, people who are going to follow them; you want people who are always dissatisfied with the status quo and thinking there's a better way of—of making that widget or getting the market or whatever it may be. The market system that this country has enjoyed is—is remarkable in terms of unleashing human potential and it continues to do that decade after decade, and that's why in my lifetime alone the real GDP per person in The United States has gone up 6 for 1, in one persons lifetime. I mean it's—when you think of the centuries in the past where humans of the end of the century were living exactly the same as at the start of the century, and then you see the galloping pace of progress in this country since 1776, it—it makes you realize we really have found the secret sauce in the market system. Now there's a lot of things that—that also need some tempering in a market system but—but it does lead to more and more goods and services that people want, then—then they—in any other system in the world.

**TITLE**

The danger of inequity

**10:55:46:12**

**WARREN BUFFETT:**

The nature of an advanced market system is to concentrate greater and greater rewards on the people who happen to be adapted very well to it and to leave a greater and greater distance between them and the people that absolutely are necessary to their success further behind. So the gap will widen absent taxation or other government

policies that—that treat the people—that do something to ameliorate that difference between those who have market skills of enormous value; you know just an arm treasurer in New York will make tens of millions of dollars a year spotting little discrepancies in price compared to a soldier in Afghanistan, you know whose getting shot at for a pittance per month. So it—it's a wonderful system for turning out—a market system is a wonderful system for turning out lots of goods and services. It's going to distribute them more and more unequally as it progresses; it's a natural phenomenon, it's not because people are equal or anything of the sort. And—and so there had—has to be some countervailing activities primarily by government to make sure that in an incredibly prosperous society that people who work hard and are good citizens don't end up really being left behind in an abysmal way.

**10:57:34:18**

The philanthropy comes from the realization that money that has no utility to me, it can't be—buy me one thing; I've got everything I want, and I could have everything I want with one percent of my net worth I have or even a tenth of one percent of what I have. On the other hand, that money has enormous utility for other people; it can save lives, it can educate people, it can do all kinds of things so it's silly for me to not transfer that utility over to—to people that can use it. It's doing me no good.

**TITLE**

On greed

**10:58:22:14**

**WARREN BUFFETT:**

Well I wouldn't say that—I wouldn't say that greed has gotten me in trouble. I—I don't—I don't think greed is a big part of investing. Investing is an attempt to put capital into places where it's going to produce a very good return. And—but I think—I think usually greed has some aspect of—perhaps of envy in it. It's the aspiration just to have money for its own sake. Money really doesn't—it doesn't do you any good beyond a point so it—it's—it's—greed would be sort of an illogical pursuit. I want to do intelligent things, and I want to do em—I'm doing them on my own behalf, I'm doing it on behalf of the

shareholders of Berkshire. I—I would not want, greedy partners; I mean if I've got greedy partners, I have a problem. I—I'd like them to go elsewhere. I would like people to be my partners who expect a reasonable return from intelligent decisions made over a long period of time.

**TITLE**

The newspapers he reads

**10:59:34:22**

**WARREN BUFFETT:**

I read the *Omaha World Herald*, I read *The New York Times*, *The Wall Street Journal*, *The Financial Times*, and—and I also read *USA Today*.

**TITLE**

The worst mistake he's made

**10:59:59:10**

**WARREN BUFFETT:**

Well, probably the worst—worst mistakes involve not understanding other people as well as you might. I mean I'm not as smart, in a technical sense—I'm not nearly as smart as I was 50 years ago. If you gave me a test involving memory or you know, ability to pick up new ideas or do math in my head, or whatever it might be, I would not score as well as I would've if I was 20 or 30. I think I know a lot more about people than when I was 20 or 30. I wish I had known as much about people when I was 20 as I think I know now. It would have been helpful in a lot of ways.

**TITLE**

The dark parts of the financial world

**11:01:11:17**

**WARREN BUFFETT:**

Well there—there's gonna be crooks in every society, I don't think our society breeds more of them than other societies, but there—there—there are people for one reason or another, do it on the wrong path and they do that in the business world sometimes, they do it in the

investing world and I think that just because of my background, sometimes I can spot the people who are doing it in the investment world sooner than the authorities end up catching up with them. So there have been times that both Charlie Munger and I have pointed out certain activities that we think are either distasteful or dishonest and—but that will be with us forever. There's big money in investing and finance and business, huge money, and there are various ways to cheat and people figure out new ones as time goes by and sometimes the authorities are very slow to catch on to what's going on. They—there tends to be more of that, I believe, you can't prove it, during bull markets than during ordinary markets. People's—people's morals seem to loosen up as—as stocks rise rapidly, and price, and—and there's a feeling that kind of everything goes and the other guys doing it, why shouldn't I? And that was what was going on in the late 60's when I wound up my partnership. There were people getting very rich by playing games basically with the stocks and I didn't like—I didn't like my results being compared with their results, 'cause they were gonna beat me in the game and I didn't want to do what they were doing so that's one major reason I—I wound up the partnership. The first time we had our meeting of the Graham Group was in 1968 and when the eleven of us met with Ben Graham, you know basically we were saying to Graham, "how long can this go on?" because there were all kinds of games being played on Wall Street. And—and the press applauded him, and investors applauded him, and these people were becoming hero's and basically they were—you know, they were—they were engaged in creating mirages with accounting and Ben said it could go on a long time but it'll come to an end eventually and of course that's what happened.

**TITLE**  
Honesty

**11:03:52:16**

**WARREN BUFFETT:**

Well it—it—it has to be there. Honesty is, you know, first of all; I have to be honest with our shareholders. I got, I think over a million shareholders, they're my partners and they've entrusted me with their money and—and it's one reason in the annual report, I try and

tell 'em about mistakes I've made as well as you know—I believe it's an annual report, not an annual sales document. I—it's a lot easier, as Charlie says it, you know, you don't have to remember what you're said if you're really saying what's the truth as you go along.

**TITLE**

The future of Berkshire Hathaway

**11:04:57:08**

**WARREN BUFFETT:**

When I'm no longer around, Berkshire's culture is so deep and to some, I wouldn't call it unique but certainly special and it—it permeates our board of directors, it permeates our shareholder base, it permeates our managers, so I think it would be very difficult to come in and—and change the culture in any major way. I think it would be rejected like—like a foreign object—so I—I think we're so big that we can't have percentage results anything like we've had in the past but we can be a very decent business and I think it can go on for a very, very long time without changing its—its character. The sums involved will get larger as it goes along, but the basic principles around Berkshire; it's one of the reasons I stick them in the back of the annual report. I—I've written the principles of—and the economic principles of Berkshire I've put in the annual reports for 35 years or so. Nobody else does that in their reports but those are—that's the way we look at the company and we want our partners to understand that. And—and I'm not only boxing myself in when I put those in, I'm sort of boxing in my successor too. And to some extent, I try to write in the annual report certain things that will box in my successor to some degree 'cause Berkshire—Berkshire has to fit—it has to be a certain kind of structure and operation over the years and I've had 50 years plus to—to build that structure and I think that—I'm sure virtually that my successors, more than one will—will follow the same general path. They'll do things differently obviously but they won't do things differently in terms of our—the basic tenets of the business.

**TITLE**

Luck

**11:08:18:04**

**WARREN BUFFETT:**

I've been very lucky in family. I've been—been lucky in—been very lucky in—you wanna—I've been lucky in geography, I mean it—I've been lucky in the time I was born. I mean, you know, it would not have been too much fun being born 200 years ago, I think about that every time I go to the dentist. That's—it's a different world now than then. Just think of childbirth, you know, a few hundred years ago or something of the sort. We're very lucky that— or at least I consider myself very lucky I was born in 1930 rather than 1730.

**11:08:53:12**

There's an enormous amount of luck. How you're wired, whether I was born female or male, whether I was born black or white, I mean was— that was huge in 1930. It's still big but it—it—it was night and day in terms of the opportunity I was going to have. If I were born black, you know I would not have—you know, who knows where I would've ended up but I was certainly wouldn't of been—you know I would have had a whole different life that had nothing to do with me.

**END OF TRANSCRIPT**