

CNBC Transcript: Legendary Investor Warren Buffett Speaks with CNBC's Becky Quick on the Nationally Syndicated "On the Money" Sunday, October 5th



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WHEN: Sunday, October 5th

WHERE: **"On the Money"**

Following is the unofficial transcript of an interview with Billionaire investor Warren Buffett and CNBC's Becky Quick on the nationally syndicated "On the Money." The full interview will air on CNBC this Sunday, October 5th at 7:30pm ET. Check your local listings.

All references must be sourced to "On the Money."

BECKY QUICK: HE'S THE MAN THAT MANY CALL AMERICA'S GREATEST INVESTOR. AN ORACLE, WARREN BUFFETT IS HERE RIGHT ON SET WITH US AND WARREN, THANK YOU SO MUCH FOR JOINING US TODAY.

WARREN BUFFETT: FUN TO BE HERE.

QUICK: SO WHEN WE HAVE YOU HERE, WE HAVE A LOT OF PEOPLE WHO ARE AT HOME WATCHING THE STOCK MARKET WHO HAVE GOTTEN VERY NERVOUS BY SOME OF THE DIPS THAT THEY HAVE SEEN RECENTLY. PEOPLE STARTING TO WONDER IF THINGS ARE TOPPING OUT. WHAT ADVICE WOULD YOU GIVE TO THOSE PEOPLE WHO ARE SITTING AT HOME?

BUFFETT: WELL I HAVE NO IDEA WHAT THE STOCK MARKET IS GOING TO DO TOMORROW, OR NEXT WEEK, OR NEXT MONTH, OR NEXT YEAR. I DO KNOW IT IS GOING TO BE HIGHER TEN YEARS FROM NOW. AND IF YOU OWN YOUR STOCKS AS AN INVESTMENT, JUST LIKE YOU WOULD OWN AN APARTMENT HOUSE OR A FARM OR ANYTHING, LOOK AT THEM AS A BUSINESS. AND YOU HAVE A GROUP OF AMERICAN BUSINESSES AND YOU ARE GOING TO OWN THEM FOR TEN YEARS, YOU'RE GOING TO DO FINE. AND IF YOU ARE GOING TO TRY AND BUY AND SELL THEM BASED ON NEWS OR YOU KNOW, SOMETHING YOUR NEIGHBOR TELLS YOU OR ANYTHING LIKE THAT, YOU'RE PROBABLY NOT GOING TO DO WELL. SO FIND A GOOD BUNCH OF BUSINESSES AND HOLD THEM.

QUICK: AND THAT IS WHAT YOU HAVE BEEN DOING FOR DECADES AND DECADES, AND IT HAS PAID OFF.

BUFFETT: I'VE BEEN DOING IT ALL MY LIFE, YEAH. AND YOU WILL NOT MAKE MONEY TRYING TO BUY AND SELL STOCKS DAILY OR WEEKLY.

QUICK: YOU MAY NOT KNOW EXACTLY WHAT IS GOING TO HAPPEN TO THE MARKET TOMORROW, BUT YOU DO HAVE A PRETTY GOOD

IDEA ABOUT WHAT IS HAPPENING IN THE ECONOMY. YOU KNOW THAT THROUGH ALL OF THE COMPANIES.

BUFFETT: SURE.

QUICK: FROM BURLINGTON NORTHERN, WHICH IS A VERY GOOD READ ON THE ECONOMY, TO A COMPANY LIKE AMERICAN EXPRESS THAT YOU HOLD A BIG STAKE IN. WHERE DO YOU THINK WE ARE HEADED?

BUFFETT: WELL THE ECONOMY, SINCE THE FALL OF 2009, THAT'S FIVE YEARS NOW, HAS BEEN INCREASING AT A PRETTY STEADY RATE. PEOPLE HAVE GOTTEN – PERIODICALLY THEY GOT MORE ENTHUSED OR MORE DEPRESSED ABOUT IT. THEY TALK ABOUT DOUBLE DIPS, AND ALL THESE SORTS OF THINGS WE'VE HEARD, BUT IT HAS BEEN A PRETTY STEADY INCREASE. IT DOESN'T ACCELERATE A LOT, IT DOESN'T DECELERATE A LOT. AND WHAT WE SEE NOW IS EXACTLY WHAT WE HAVE BEEN SEEING FOR FIVE YEARS. AN INCREASE NOT A RATE THAT GETS PEOPLE ALL EXCITED, BUT – AND I THINK WE WILL BE SEEING THAT A YEAR FROM NOW.

QUICK: IN TERMS OF WHAT WE HAVE SEEN FROM SOME OF THE COMPANIES, SOME NEWS OUT OF THE COMPANIES THAT YOU OWN BIG STAKES IN, COCA-COLA THIS WEEK SAID THAT IT WOULD BE CHANGING THE PACKAGE THAT IT PAYS ITS EXECUTIVES IN TERMS OF HOW THEY BREAK UP AND PAY THEM IN STOCK OR NOT SO MUCH IN STOCK. YOU WERE SOMEONE WHO WAS A PROPONENT OF CHANGING THAT PLAN. WHAT DO YOU THINK OF WHAT THEY HAVE PUT OUT?

BUFFETT: I THINK THAT THE COMPENSATION COMMITTEE WORKING WITH THE BOARD HAS CRAFTED A VERY, VERY SENSIBLE PLAN THAT INVOLVES FAR LESS ISSUANCE OF STOCK, MORE PAYMENT IN CASH – PERFORMANCE RELATED IN BOTH CASES – AND I THINK IT IS A VERY LOGICAL PLAN AND I THINK THE STOCKHOLDERS ARE CONSIDERABLY BETTER OFF THEN THEY WOULD HAVE BEEN IF THE COMP COMMITTEE HADN'T DONE WHAT THEY DID. SO, I TIP MY HAT TO THEM.

QUICK: WARREN, OVER THE LAST SEVERAL YEARS, YOU'VE BOUGHT UP ABOUT 28 REGIONAL NEWSPAPERS. THAT'S AN INVESTMENT THAT A LOT OF PEOPLE THOUGHT WHAT THE HECK IS GOING ON THERE? THAT'S A SHRINKING INDUSTRY. HOW HAVE THOSE INVESTMENTS PAID OFF FOR YOU AND WHAT DO YOU SEE?

BUFFETT: WELL THEY WORKED OUT OK, BUT THEY ARE ABSOLUTELY RIGHT. IT IS A SHRINKING INDUSTRY. AND THOSE PAPERS WILL EARN LESS MONEY FIVE YEARS FROM NOW THEN THEY EARN NOW. BUT WE BOUGHT THEM AT A PRICE WHERE WE'VE FACTORED THAT IN. SO THEY WILL BE A SATISFACTORY INVESTMENT. BUT, NEWSPAPERS ARE NOT A PLACE WHERE EARNINGS ARE GOING TO INCREASE. THEY ARE GOING TO DECREASE AND A LOT OF PAPERS ARE GOING TO DISAPPEAR OVER TIME. THERE IS NO QUESTION ABOUT THAT.

QUICK: SO YOU WOULDN'T NECESSARILY SAY THAT IS AN INVESTMENT FOR EVERYONE? YOU HAVE TO PICK YOUR PLACES.

BUFFETT: OH, NO I DON'T THINK THAT IS AN INVESTMENT FOR HARDLY ANYONE. YOU'VE GOT TO BUY THEM VERY, VERY, VERY CHEAP.

QUICK: WARREN, EARLIER THIS YEAR, BERKSHIRE HATHAWAY WAS LISTED AS ONE OF THE WORST COMPANIES IN THE COUNTRY, BROUGHT BY THE HUMAN RIGHTS CAMPAIGN, SAYING IT IS ONE OF THE WORST PLACES TO WORK IF YOU ARE LESBIAN, GAY, BISEXUAL OR TRANSGENDER. THEY SAID THAT YOU DON'T HAVE POLICIES THAT PROTECT EMPLOYEES AND MAKE IT A SAFE PLACE FOR THEM TO WORK. WHAT WOULD YOU – HOW WOULD YOU RESPOND TO THAT?

BUFFETT: WELL I GUESS, PROBABLY WHAT HAPPENED IS WE GET SURVEYS ALL THE TIME ON ALL – MEN AND WOMEN – YOU KNOW, I MEAN YOU NAME IT, ALL DIFFERENT KINDS OF THINGS AND WE BASICALLY DON'T ANSWER THEM. WE HAVE 75 SUBSIDIARIES OUT THERE RUNNING THEIR BUSINESSES. 300 AND SOME THOUSAND EMPLOYEES AND WE'VE GOT 25 PEOPLE IN OUR HEADQUARTERS AND WE DO NOT, EVERY TIME WE GET A QUESTIONNAIRE, GO OUT TO 75 AND HAVE THEM GO THROUGH A LOT OF WORK TO FOLLOW UP. I WOULD SAY THIS, CERTAINLY OUR MANAGERS KNOW HOW I FEEL AND I'M 100 PERCENT FOR FULL RIGHTS IN EVERY RESPECT FOR GAY AND LESBIANS. BUT I DO NOT SET THE POLICIES FOR THE 75 COMPANIES. I KNOW WHAT THEY ARE – A FEW OF THE LARGER ONES, AND I THINK THEY ARE QUITE PROGRESSIVE, BUT THAT'S – I WOULD SAY THAT I'VE SEEN IT LISTED AS ZERO ON CERTAIN SURVEYS AND THE REASON WHY IS THAT WE DIDN'T ANSWER THE SURVEY.

QUICK: AND THIS WEEK YOU ALSO ADDED A NEW COMPANY TO BERKSHIRE HATHAWAY. YOU ARE ALWAYS ON THE PROWL, ALWAYS LOOKING FOR A NEW DEAL. THIS TIME AROUND, YOU BOUGHT VAN TUYL AUTO GROUP. WHAT LURED YOU?

BUFFETT: WELL, LARRY VAN TUYL TALKED TO ME SIX OR SEVEN YEARS AGO. I UNDERSTAND THE BUSINESS AND I THINK THAT IT IS A DECENT BUSINESS OVERALL AND I THINK THE WAY LARRY RUNS IT IS EXTRAORDINARY. HE HAS THESE PARTNERS IN 78 DEALERSHIPS AND SO HE WORKS ON A PARTNER BASIS, HE'S GOT A TERRIFIC RECORD OVER THE YEARS, AND YOU KNOW, IT IS SOMETHING THAT WE WILL OWN FOR 100 YEARS. IT REALLY FITS BERKSHIRE – IT'S THE KIND OF BUSINESS WE CAN EXPAND A LOT BECAUSE THERE ARE 17,000 DEALERS IN THE COUNTRY AND WE ARE BUYING 78 OF THEM THROUGH THIS MEANS. SO WE WILL GET A LOT OF OPPORTUNITY TO EXPAND THIS BUSINESS. THIS WILL BE A BIG BUSINESS FOR BERKSHIRE.

QUICK: ALRIGHT. WARREN, WANT TO THANK YOU SO MUCH FOR YOUR TIME TODAY.

BUFFETT: THANKS FOR HAVING ME.