

The Crony Capitalist of Omaha

By Nicholas Taylor, J.D. Candidate 2020 | March 13, 2019

Berkshire Hathaway, run by legendary investors Warren Buffett and Charles Munger, published its annual [letter](#) to shareholders on February 23, 2019. Some commentators speculate that Mr. Buffett [subtly criticized](#) President Trump in that letter. The passage reads, “It is beyond arrogance for American businesses or individuals to boast that they have ‘done it alone.’”

Those words may appear to reference President Trump. But, it would be a mistake to let one’s distaste for our President cloud one’s judgment. Make no mistake: Mr. Buffett was referring to himself.

Berkshire Hathaway is a successful American company. Its long record of outperforming the markets is unrivaled. Warren Buffett is undoubtedly the reason for this success. Even so, Mr. Buffett recognizes that he could not have done it alone. During the financial crisis of ’07-08, Mr. Buffett lobbied the government to provide a cash infusion to the financial institutions in which he held a significant stake. Berkshire Hathaway invested \$26 billion in the largest banks that were about to implode, \$7 billion of which was Mr. Buffett’s [personal stake](#).

Perhaps Mr. Buffett was simply discharging his duties as CEO. Maybe he was simply acting rationally within a system designed to promote this type of behavior. He might have benefitted his shareholders by employing his political capital. Maybe he even helped save the economy by pushing the government to do more.

But the Oracle of Omaha he is not.

A successful investor, by Mr. Buffett’s own definition, is someone who invests in productive ventures for their long-term value. But, someone who uses his enormous influence to lobby the government for a handout of epic proportions, albeit indirectly? We have a word for that in this country: a crony capitalist.

