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BOOK REVIEW

A richly detailed story about the Sage of Omaha

'The Snowball: Warren Buffett and the Business of Life' by Alice Schroeder

By Zachary Karabell

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IT IS difficult to imagine better timing for the publication of a Warren Buffett biography, and not just any biography but a nearly 900-page authorized tome. For more than five years, Alice Schroeder, a former securities analyst, spent countless hours with the Sage of Omaha, his family, friends and business associates, all of whom spoke freely, with Buffett's permission. The result, "The Snowball," is likely to remain the most authoritative portrait of one of the most important American investors of our time.

Twice in his life, Buffett has been publicly repudiated only to have his earlier views later vindicated. The first time was in the late 1990s, when the folksy Buffett refused to invest in high-flying Internet stocks. He had always said that he would not invest in "businesses where technology which is way over my head is crucial to the investment decision." That modest approach led Buffett to miss almost every major stock of the 1990s, and by the end of the decade, as "new economy" companies like America Online and Amazon.com left other companies in the dust, Buffett's portfolio and the shares of investment company Berkshire Hathaway lagged. Then in his 60s, he was written off as a has-been and a curmudgeon; when the stock market began to crash at the end of 2000, Buffett proved to be not so naive after all.

At the end of last year, Buffet had a net worth of nearly \$60 billion. Money may not be everything, but for an investor it is the score, and he who has the most wins. In the last month, he has again had the chance to say, in his avuncular way, "I told you so." In 2002, when the current meltdown was just a cold-sweat nightmare, he was already warning about the perils of derivatives, the way they were being packaged and sold, and the overexposure to the housing market. In his 2002 shareholder letter, he called them "toxic," and a year later he again sounded the alarm and termed them "financial weapons of mass destruction." In his view, while the endless packaging could disperse risk in the short term, it could also magnify systemic risk. Anyone who has been watching events unfold in recent months -- which would be everyone -- can now appreciate the wisdom of Buffett. In the last few weeks, he has also been a voice of calm and reason in an increasingly panicky market, swooping in with multibillion-dollar investments in General Electric and Goldman Sachs.

Timing aside, Schroeder has written a surprisingly good book, "surprisingly" because even with a surfeit of minutiae about Buffett's private life and one deal after another, she still writes with a deft touch and keeps the narrative moving. While she clearly has Buffett's blessing and cooperation, she manages to be blunt in her assessment of him. He comes across as a love-starved child who became a man in deep need of adoration (he told a group students that "the purpose of life is to be loved by as many people as possible"). But his neediness also led to cluelessness toward his wife, his mistress, his children and his family. He needed catering to, but he was quite callous when others needed from him, especially money. Much has been made of his notable stinginess toward his children and his grandchildren, and whatever underlying moral vision about earning one's own money, in practice he seems to have been more controlling than kind.

Unless you are one of those tens of thousands of Berkshire Hathaway shareholders who live on Buffett's word, there are long stretches of the book that may be of little interest, including his unconventional wife-mistress triangle in which both knew and liked the other, and the endless history of deals. The fact is, deal stories are all quite similar -- who's buying, who's selling, what price. Some are more interesting than others, and Buffett has been at the center of everything including furniture stores and newspaper chains, Coke, U.S. Air and dozens of others. But after hundreds of pages, the details blur.

Still, Buffett's style and philosophy have shaped the financial markets, and he has been the leading apostle for a type of "value" investing that seeks to uncover the intrinsic worth of a company and invest in it when no one else wants to. He has dedicated his life to honing and refining that discipline and has not cut his cloth on today's fashion. He has, as the title of the book suggests, spent more than half a century pushing a small snowball down a hill until it has grown to mammoth size. And he has then given that massive fortune, along with friend Bill Gates, to endow the largest philanthropic foundation that the world has known. Like many who have left their imprint on the world, he may not be the easiest person to know personally, but he has lived a life worth studying and in Schroeder has found someone uniquely able to tell his story.

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