**Charlie Munger Q&A Transcript || University of Michigan (2017)**

"The whole trick in life is to get so that your own brain doesn’t mislead you."

Dec 18, 2023

On November 30, 2017, Charlie Munger spoke at an alumni event for the University of Michigan’s Ross School of Business held in Los Angeles.

For nearly an hour, he expounded on a wide range of topics — from growing up in Omaha during the Great Depression and partnering with Warren Buffett at Berkshire Hathaway to cryptocurrency and China.

Over the past few weeks, I transcribed (and lightly annotated) his remarks for posterity and future study.

A few notes:

* My main focus is accuracy and readability.
* Each transcript is done entirely by hand — with no AI or software assistance — so any and all mistakes are my own.
* I summarized a few of the questions to save space. All of Charlie’s answers are transcribed verbatim.
* I added footnotes — 33 in all — to provide additional information at relevant points. Hopefully, these will prove useful to readers.
* The full transcript is available to all paid supporters. Free subscribers have access to the first 2,000-ish words. (That’s longer than the typical Kingswell article.)
  + I’ve tried to do my best to ensure that no one feels short-changed.
* **Become a paid subscriber today**and receive immediate access to this transcript — along with five other annotated transcripts full of wit and wisdom from the top names at Berkshire Hathaway.

So, without further ado, here is the complete transcript of Charlie Munger’s discussion with University of Michigan business students and alumni from 2017…

Bottom of Form

**Scott DeRue (Dean || Ross School of Business): Tonight, I’ve got the privilege and the honor of sharing the stage with Charlie — who needs no introduction. He’s been a true champion and an advocate for the University of Michigan for many years.**

**If you were to study at the law school, you would live and study in the Munger [Graduate] Residences, which is one of the most innovative in the country. It takes students from different disciplines and puts them together in a living-learning environment.**

**So, it’s an honor to have you here this evening and, on behalf of the entire university, thank you very, very much for all that you’ve done.**

**Charlie, as I was on the flight over this morning, I was preparing for our conversation and, as I went through my notes, I realized that we share an admiration for a historical figure in Ben Franklin.**

Charlie Munger: Absolutely.

**SD: Ben once said that there are two things that you can do in life — you can write something that’s worth reading or you can do something that’s worth writing about. And you’ve done both of those.**

CM: No, but not like Franklin.[1](https://www.kingswell.io/p/charlie-munger-q-and-a-transcript-04d#footnote-1-139785202)

**SD: A couple of hours ago, I went on Amazon and I just typed in “Charlie Munger” in the search field and over 100 books have been written about Charlie. My favorite title was *The Tao of Charlie Munger*, which is pretty interesting.**

**What I thought we would do this evening for our conversation is really just explore many of the moments in your life that have shaped how you think and what you’ve been able to accomplish.**

**I’d like to go back to your early childhood in Omaha, Nebraska. You were raised in Omaha. What are some of the moments in your experience in Omaha that you really find memorable that shaped you and who you are today and how you think? Can you talk a little bit about growing up in Omaha?**

CM: Yes. I really liked Omaha. It was a size where I knew a lot of the people who mattered and what they did — so I wasn’t lost in a great metropolis. I was very fortunate in the nature of my parents and my parents’ friends. And I was fortunate in that the public schools I attended were pretty remarkable by the standards of the time.

Of course, most of my schooling was in the Great Depression — [and] that means I’m one of the very few people that’s still alive who deeply remembers the Great Depression. That has been very helpful to me.

It was so extreme that people like you have just no idea what the hell it was like. Nobody had any money! The rich people didn’t have any money. People would come and beg for a meal at the door. We had a hobo jungle not very far from my grandfather’s house. I was forbidden to walk through it — which meant that I walked through it all the time. I was safer in that hobo jungle in the depths of the ‘30s when people were starving practically than I am walking around my own neighborhood now in Los Angeles at night. (Laughs) The world has changed on that. You’d think the crime would be less, but crime was pretty low in those days.

So, at any rate, I had a very unusual bunch of experiences — to go through civilization in various phases, including the greatest recession. Well, I say it’s one of the greatest recessions in 600 years in the English-speaking world. It was really something. It was very interesting to watch — and also to watch it [get] fixed. It was fixed by the accidental Keynesianism of World War II. Very interesting.

And Hitler had fixed the great depression in Germany by deliberate Keynesianism. But he wasn’t doing it to stimulate the economy — he wanted to get even with all of the people he hated. He borrowed all of this money and created all these armaments. Hitler’s Germany, by 1939, was the strongest economic power in Europe and nobody else was close. You wouldn’t understand that as well as I do if you hadn’t lived through it. You could just see the place gaining traction — more and more and more and more. And, pretty soon, it was fixed.

In those days, there were all kinds of people — most of my family — who believed in hard money based on gold and not much welfare and so on. I was raised among fairly backward people by modern standards, but they were backward in kind of a self-reliant way that I think was helpful. I’ve never regretted that I wasn’t raised in a more liberal establishment.

I had a liberal aunt — she was really my mother’s cousin — and she was the second lady dean at the University of Chicago. She had done her thesis on the conditions in the coal mines. Of course, she was a screaming leftist. I would be a screaming leftist if I had observed the way that coal miners of yesteryear were treated. You couldn’t be a human being with any decency in you without feeling that it was deeply improper to have the misery that great and have it manipulated for the benefit of the mine owners and so forth. But she sent me all these left-wing books, one every Christmas, and I always thought she was a little nuts.

**[Crowd Laughs]**

Which shows that, sometimes, the very vivid extreme evidence misleads you on the deeper reality. You’ve got to be on guard against that all your life. In fact, the whole trick in life is to get so that your own brain doesn’t mislead you. I have found that just a lifelong fun game and I can’t remember a time I wasn’t doing it.

I was not a prodigy[2](https://www.kingswell.io/p/charlie-munger-q-and-a-transcript-04d#footnote-2-139785202) or anything like that, but I was a prodigy in having adult interests. I was interested in what worked and what didn’t and why. I could see that very eminent people that I loved and revered were nuts in some ways[3](https://www.kingswell.io/p/charlie-munger-q-and-a-transcript-04d#footnote-3-139785202) and I would say, “Well, I certainly like Dr. Davis, but he’s a little nutty in one way and I’m not going to be like that.” I was very judgmental — and I think that helped me. It also helped me that I kept changing my judgments as I learned more and more facts came in. That created lifelong habits that were very useful.

Another thing that I think really helped me is, particularly on my father’s side of the family, my paternal grandfather[4](https://www.kingswell.io/p/charlie-munger-q-and-a-transcript-04d#footnote-4-139785202) was the only federal judge in Lincoln, Nebraska — the capital city of Nebraska. He had been there forever and he stayed there forever after that. I think, when he left, he was the longest-serving federal judge in the country.

He was a brilliant man and he had risen from nothing. He was the child of two impoverished school teachers. When he was raised in a little town in Nebraska, they would give him a nickel to go buy the meat and he’d go to the butcher shop and he would buy the parts of the animal that nobody else would eat. That’s what two schoolteachers lived on in those days. The very indignity of it bothered him so much that he just determined to get out of poverty and never go back — and he did.

He got ahead like Abe Lincoln — educated himself in lawyers’ offices and so on. He had to leave college[5](https://www.kingswell.io/p/charlie-munger-q-and-a-transcript-04d#footnote-5-139785202) because he couldn’t pay the tuition anymore, but he educated himself. And, since he was utterly brilliant, it wasn’t all that hard.

He had an attitude that was pretty damn extreme. I would say his attitude was that you have a moral duty to make yourself as un-ignorant and as un-stupid as you possibly can. And that it was pretty much your highest moral duty. Maybe taking care of your family came first, but in the ranks of moral obligations…

He was conventionally religious — so it may have been a religious duty to him — but he really believed that rationality was a moral duty. He worked at it and he scorned people who didn’t do it.

On the other hand, as a judge, he started with the idea that “Why would anybody rob a train?” or whatever [was a] federal crime in those days. He was pretty hard on people who did it. I noticed, as he got older and older and older, he was willing to call a man a good man on easier terms than he started out with. I think that was a correct development.

By the way, when he relaxed a little, he was still pretty tough. But he did relax a little, which I thought was appropriate.

When the ‘30s came, one son-in-law was a musician and, of course, he couldn’t make a living. So my grandfather, who didn’t have that much money, sent him to pharmacy school — carefully picking a profession that couldn’t fail — and found him a bankrupt pharmacy to buy and loaned him the money. My uncle was soon prosperous and remained prosperous the rest of his life.

My other uncle had a bank in Stromsburg, Nebraska, but there were 968 people in Stromsburg — and there were two national banks. The capitalization of my uncle’s bank was $25,000. And, of course, he was a lovely man, but he was an optimist — and a banker should not be an optimist.