

**Clark, David – The Tao of Charlie Munger**

Scribner, Inc., 2017, [Equity Investing] Grade ★★★★★

If you collect quotations from one of the broadest thinkers in business who for decades has delivered witty and wise sayings, you cannot really go wrong. The Tao translates as “the way” or “the path” and what we are served here is the way of Charlie Munger, vice Chairman of Berkshire Hathaway and long business partner to Warren Buffett. Munger’s many sayings have over time gained enough status to be christened as “Mungerisms.”

The reference to Taoism is equally apt when it comes to the format of the book. Just as Lao-tzu, the Taoist collection of saying and proverbs, this is a commented assortment of quotations where David Clark, co-writer of the many Buffettology books does the observing and deciphering of the wise musings of the old master. Buffett obviously has a wonderful way with words but I have always enjoyed Munger’s shorter, sharper and more cynical statements more and Clark has done us all a huge service collecting these quotes. It is a book possible to read in one, albeit long, sitting – but please don’t. Take the time to scribble down how Munger’s thoughts reflect on your investments, business and being. Does this make sense to you? If so, how are you living up to it? What can you change? What can you improve?

The selected quotations are grouped into four parts covering investing, banking and the economy, business and philosophizing on life at large. Sections one and three are delivered with authority and Ben Graham’s saying that investing is the most intelligent when it is most businesslike springs to mind. At the same time the investing of Munger and Berkshire Hathaway is hardly unknown material due to the vast coverage of Buffett’s investing success.

The danger with adding commentary is that it isn’t always better to say something in a lengthier

format when it has already been delivered crisp and clear in a short pitchy way. There is a balance to be kept to not over-explain things. Clark is mostly on the right side of the tracks but he delivers rather similar explanations to many of the quotes and is forced to add quite a few “as we have said earlier”.

Further, just as it comes to later commentary of, say old Taoist texts, it is always possible to debate if the interpretation of the original scriptures from one specific scholar is optimal. Occasionally I would have chosen to make alternative reflections. I think the selection of quotes Clark has made is a good one. Perhaps it could have had been tilted a tad more towards psychology given Munger’s wisdom in the area. There are few real gems missing apart from this favorite on investing “*It’s not supposed to be easy. Anyone who finds it easy is stupid.*” – a typical Mungerism in it’s lack of flattery.

The second part of the book is the least interesting - but every time one hears figures about the gross exposure of global derivatives one marvels. The best and most inspiring part is the fourth, on Life, Education and the Pursuit of Happiness. Below are some of our favorites. “*Being rational is a moral imperative. You should never be stupider than you need to be*”; “*Spend each day trying to be a little wiser than you were when you woke up. Discharge your duties faithfully and well. Slug it out one inch at a time, day by day. At the end of the day – if you live long enough – most people get what they deserve*” and especially close to our heart “*In my whole life, I have known no wise people who didn’t read all the time – none, zero. You’d be amazed at how much Warren reads – and how much I read. My children laugh at me. They think I’m a book with a couple of legs sticking out.*” Amen. If you ever find yourself hesitating over a decision, simply ask yourself “What would Charlie Munger do?”

Mats Larsson, May 14, 2017