



## Warren Buffett to CNBC: U.S. Economy In "Shambles" .. No Signs of Recovery Yet

Posted By: Alex Crippen | Executive Producer  
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In a live interview on CNBC today, Warren Buffett said there has been little progress over the past few months in the "economic war" being fought by the country. "We haven't got the economy moving yet," he told Becky Quick.

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While the economy is a "shambles" and likely to stay that way for some time, he remains optimistic there will eventually be a recovery over a period of years.

**BECKY:** The last time we sat down to talk to you was on May 4, and at that point you told us that you think we're in an economic war right now. How much progress do you think we've made in that war?**BUFFETT:** Well, it's been pretty flat. I get figures on 70-odd businesses, a lot of them daily. Everything that I see about the economy is that we've had no bounce. The financial system was really where the crisis was last September and October, and that's been surmounted and that's enormously important. But in terms of the economy coming back, it takes a while. There were a lot of excesses to be wrung out and that process is still underway and it looks to me like it will be underway for quite a while. In the (Berkshire Hathaway) annual report I said the economy would be in a shambles this year and probably well beyond. I'm afraid that's true.

Buffett also noted that he had a cataract operation on his left eye about a month ago. He joked that he thought it might help him see "green shoots" for the economy, but so far he hasn't seen any hopeful signs.

Taking a firm position in an ongoing debate in the financial markets, Buffett says he's not concerned about deflation, but thinks inflation will be a problem in coming years.

Despite his negative view on the economy, Buffett still believes the stock market is attractive "over the next 10 years" when compared to alternatives like Treasury bonds.

Buffett endorsed Ben Bernanke's reappointment as Federal Reserve Chairman, saying "you couldn't do better." He also praised Treasury Secretary Tim Geithner.

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Asked about how Apple handled Steve Jobs' liver transplant, [Buffett said it is a "material fact"](#) when the CEO of a company is facing major surgery. He thinks criticism of Apple over the matter is appropriate.

Buffett repeated his criticism of "cap and trade" as a method to control pollution, saying it would be a huge, regressive tax.

Current Berkshire stock prices:

Class A:

Class B:

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Questions? Comments? Email me at [buffettwatch@cnbc.com](mailto:buffettwatch@cnbc.com)

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