



THE FIFTH RISK

**'Riveting,
jaw-dropping ...
Lewis's take
on Trump is
stranger and
more terrifying
than fiction'**

DAILY TELEGRAPH



MICHAEL LEWIS

NO.1 BESTSELLING AUTHOR OF THE BIG SHORT

PENGUIN BOOKS
THE FIFTH RISK

‘Explores the hazards of entrusting a country to an administration that loathes government . . . Michael Lewis has a gift for identifying seemingly inaccessible subjects and spinning them into epic stories with Hollywood appeal’
Sophie McBain, *New Statesman*

‘Will set your hair on end’ *Daily Telegraph*, Books of the Year

‘Risk has been the central theme of Lewis’s highly successful career. . . . The fifth risk is something impossible to conceive of in advance, or to prepare for directly. What matters is having a well-organised government in place to respond to these contingencies when they hit – exactly what the Trump administration has failed to do’ Alex Blasdel, *Guardian*

‘Who will fight for the censuses of this world? Who will defend the research grants, food-voucher programmes and risk management projects that quietly sustain a healthy nation? Step forward Michael Lewis . . . The result is a civics lesson worth taking . . . Stunning. His message is powerful . . . reminds us why good institutions matter, why skilled public servants are critical and what our government is actually for’ Josh Glancy, *Sunday Times*

‘Michael Lewis has a knack for making the complex appear simple. Here he uses the inner workings of the US Department of Energy to demonstrate how Trump is dismantling government’ *i magazine*

‘Hair-raising . . . The best part of *The Fifth Risk* is the evidence Lewis can add to the pile . . . Lewis is a master of boiling down complexity into individual stories told by interesting characters’
Justin Webb, *The Times*

‘Michael Lewis is a national treasure . . . an astounding and terrifying book about the experts who fill the ranks in the US government and the Trump-administration grifters who are destroying the work they do to keep us from dying of tornadoes, nuclear accident, food poisoning and a million other dangers, large and small . . . A hymn to the “deep state,” which is revealed as nothing more than people who know what they’re talking about’ Cory Doctorow, *Boing Boing*

‘A call to arms . . . We live in a moment when tribal bumper stickers – both left and right – pass for politics, when ignorance and grievance drive policy. Michael Lewis has taken on the task of rectifying that misconception, and he has done so with refreshing clarity – and a measured sense of outrage – which makes this his most ambitious and important book’
Joe Klein, *The New York Times Book Review*

‘*The Fifth Risk* by Michael Lewis is best on why Trump’s manic, anarchic and paranoid style is dangerous’
Andrew Rawnsley, *Observer*, Books of the Year

‘Lewis’s remarkable books tend to tell the stories of underdogs, heroically independent-minded people who zag when the world zigs’ Philip Delves Broughton, *Evening Standard*

‘Fascinating – and at times harrowing . . . Lewis tells an important and timely story, one that all of us who pay for, care about, and want government to work should hear’ NPR

‘A hard look at how several key departments of the American government are being hijacked – by the president’
John Naughton, *Observer*, Books of the Year

‘A spellbinding, alarming analysis of the most serious threats to Americans’ safety happening now from inside the U.S. government’ *Quartz*

‘Displaying his usual meticulous research and fluid prose, Lewis makes the federal bureaucracy come alive by focusing on a few individuals within each agency with fascinating – and sometimes heartwarming – backstories . . . A well-written primer on how the government serves citizens in underappreciated ways’
Kirkus Reviews

‘Illuminating . . . Its relevance to readers won’t end with the Trump era’ *Publishers Weekly*

ABOUT THE AUTHOR

Michael Lewis's global bestselling books lift the lid on the biggest stories of our times. They include *Flash Boys*, a game-changing exposé of high-speed scamming; *The Big Short*, which was made into a hit Oscar-winning film; *Moneyball*, the story of a maverick outsider who beat the system; and *Liar's Poker*, the book that defined the excesses of the 1980s. Michael Lewis was born in New Orleans and educated at Princeton University and the London School of Economics.

MICHAEL LEWIS

The Fifth Risk

Undoing Democracy



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for
Tom Wolfe
In Memoriam



Donald J. Trump ✓

@realDonaldTrump

Very organized process taking place as I
decide on Cabinet and many other positions.
I am the only one who knows who the
finalists are!

9:55 PM - 15 Nov 2016

25,572 Retweets **112,055** Likes

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The Fifth Risk

PROLOGUE

LOST IN
TRANSITION

CHRIS CHRISTIE NOTICED a piece in the *New York Times*—that’s how it all started. The New Jersey governor had dropped out of the presidential race in February 2016 and thrown what support he had behind Donald Trump. In late April he saw the article. It described meetings between representatives of the remaining candidates still in the race—Trump, John Kasich, Ted Cruz, Hillary Clinton, and Bernie Sanders—and the Obama White House. Anyone who still had any kind of shot at becoming president of the United States apparently needed to start preparing to run the federal government. The guy Trump sent to the meeting was, in Christie’s estimation, comically underqualified. Christie called up Trump’s campaign manager, Corey Lewandowski, to ask why this critical job hadn’t been handed to someone who actually knew something about government. “We don’t have anyone,” said Lewandowski.

Christie volunteered himself for the job: head of the Donald Trump presidential transition team. “It’s the next best thing to being president,” he told friends. “You get to plan the presidency.” He went to see Trump about it. Trump said he didn’t want a presidential transition team. Why did anyone need to plan *anything* before he actually became president? *It’s legally required*, said Christie. Trump asked where the money was going to come from to pay for the transition team. Christie explained that Trump could either pay for it himself or take it out of campaign funds. Trump didn’t want to pay for it himself. He didn’t want to take it out of campaign funds, either, but he agreed, grudgingly, that Christie should go ahead and raise a separate fund to pay for his transition team. “But not too much!” he said.

And so Christie set out to prepare for the unlikely event that Donald Trump would one day be elected president of the United States. Not everyone in Trump’s campaign was happy to see him on the job. In June, Christie received a call from Trump adviser Paul Manafort. “The kid is paranoid about you,” Manafort said. The kid was Jared Kushner, Trump’s son-in-law. Back in 2005, when he was U.S. attorney for the District of New Jersey, Christie had prosecuted and jailed Kushner’s father, Charles, for tax fraud. Christie’s investigation revealed, in the bargain, that Charles Kushner had hired a prostitute to seduce his own brother-in-law, whom he suspected of cooperating with Christie, videotaped the sexual encounter, and sent the tape to his sister. The Kushners apparently took their

grudges seriously, and Christie sensed that Jared still harbored one against him. On the other hand, Trump, whom Christie considered almost a friend, couldn't have cared less. He'd invited Christie to his and Melania's wedding and then pressed him to attend his daughter, Ivanka, and Jared Kushner's wedding. *That'd be awkward!* said Christie. *I'm paying for the wedding and I don't give a shit,* said Donald.

Christie viewed Jared as one of those people who thinks that, because he's rich, he must also be smart. Still, he had a certain cunning about him. And Christie soon found himself reporting everything he did to prepare for a Trump administration to an "executive committee." The committee consisted of Jared, Ivanka Trump, Donald Trump Jr., Eric Trump, Paul Manafort, Steve Mnuchin, and Jeff Sessions. "I'm kind of like the church elder who double-counts the collection plate every Sunday for the pastor," said Sessions, who appeared uncomfortable with the entire situation. The elder's job became more complicated in July 2016, when Trump was formally named the Republican nominee. The transition team now moved into an office in downtown Washington, DC, and went looking for people to occupy the top five hundred jobs in the federal government. They needed to fill all the cabinet positions, of course, but also a whole bunch of others that no one in the Trump campaign even knew existed. It's not obvious how you find the next secretary of state, much less the next secretary of transportation—never mind who should sit on the board of trustees of the Barry Goldwater Scholarship and Excellence in Education Foundation.

By August, 130 people were showing up every day, and hundreds more working part-time, at Trump transition headquarters, on the corner of Seventeenth Street and Pennsylvania Avenue. The transition team made lists of likely candidates for all five hundred jobs, plus other lists of informed people to roll into the various federal agencies the day after the election, to be briefed on whatever the federal agencies were doing. They gathered the names for these lists by traveling the country and talking to people: Republicans who had served in government, Trump's closest advisers, recent occupants of the jobs that needed filling. Then they set about investigating any candidates for glaring flaws and embarrassing secrets and conflicts of interest. At the end of each week Christie handed over binders, with lists of names of people who might do the jobs well, to Jared and Donald and Eric and the others. "They probed everything," says a senior Trump transition official. "'Who is this person?' 'Where did this person come from?'" They only ever rejected one person, Paul Manafort's secretary."

The first time Donald Trump paid attention to any of this was when he read about it in the newspaper. The story revealed that Trump's very own transition team, led by New Jersey governor Chris Christie, had raised several million dollars to pay the staff. The moment he saw it, Trump called Steve Bannon, the chief executive of his campaign, from his office, on the twenty-sixth floor of Trump Tower, and told him to come immediately to his residence, many floors above. Bannon stepped off the ele-

vator to find the governor of New Jersey seated on a sofa, being hollered at. Trump was apoplectic, actually yelling, *You're stealing my money! You're stealing my fucking money! What the fuck is this??* Seeing Bannon, Trump turned on him and screamed, *Why are you letting him steal my fucking money?* Bannon and Christie together set out to explain to Trump federal law. Months before the election, the law said, the nominees of the two major parties were expected to prepare to take control of the government. The government supplied them with office space in downtown Washington, DC, along with computers and trash cans and so on, but the campaigns paid their people. To which Trump replied, *Fuck the law. I don't give a fuck about the law. I want my fucking money.* Bannon and Christie tried to explain that Trump couldn't have both his money and a transition.

Shut it down, said Trump. Shut down the transition.

Here Christie and Bannon parted ways. Neither thought it was a good idea to shut down the transition, but each had his own misgivings. Christie thought that Trump had little chance of running the government without a formal transition. Bannon wasn't so sure if Trump would ever get his mind around running the federal government: he just thought it would look bad if Trump didn't at least seem to prepare. Seeing that Trump wasn't listening to Christie, he said, "What do you think *Morning Joe* will say—if you shut down your transition?" What *Morning Joe* would say—or at least what Bannon thought it would say—was that Trump was closing his presidential transition office because he didn't think he had any chance of being president.

Trump stopped hollering. For the first time he seemed actually to have listened.

“That makes sense,” he said.

With that, Christie went back to preparing for a Trump administration. He tried to stay out of the news, but that proved difficult. From time to time Trump would see something in the paper about Christie’s fund-raising and become upset all over again. The money people donated to his campaign Trump considered, effectively, his own. He thought the planning and forethought pointless. At one point he turned to Christie and said, “Chris, you and I are so smart that we can leave the victory party two hours early and do the transition ourselves.”



At that moment in American history, if you could somehow organize the entire population into a single line, all three hundred fifty million people, ordered not by height or weight or age but by each citizen’s interest in the federal government, and Donald Trump loitered somewhere near one end of it, Max Stier would occupy the other.

By the fall of 2016 Max Stier might have been the American with the greatest understanding of how the U.S. government actually worked. Oddly, for an American of his age and status, he’d romanticized public service since he was a child. He’d gone through Yale in the mid-1980s and Stanford Law School in the early 1990s without ever being tempted by money or anything else. He thought the U.S. government was the single most important and most interesting

institution in the history of the planet and couldn't imagine doing anything but working to improve it. A few years out of law school he'd met a financier named Sam Heyman, who was as disturbed as Max was by how uninterested talented young people were in government work. To address the problem, Heyman created an organization for Max to run.

Max soon realized that to attract talented young people to government service he'd need to turn the government into a place talented young people wanted to work. He'd need to *fix* the United States government. Partnership for Public Service, as Max called his organization, was not nearly as dull as its name. It trained civil servants to be business managers; it brokered new relationships across the federal government; it surveyed the federal workforce to identify specific management failures and success; and it lobbied Congress to fix deep structural problems. It was Max Stier who had persuaded Congress to pass the laws that made it so annoyingly difficult for Donald Trump to avoid preparing to be president.

Anyway, from the point of view of a smart, talented person trying to decide whether to work for the U.S. government, the single most glaring defect was the absence of an upside. The jobs weren't well paid compared to their equivalents in the private sector. And the only time government employees were recognized was if they screwed up—in which case they often became the wrong kind of famous. In 2002 Max created an annual black tie, Oscars-like awards ceremony to celebrate peo-

ple who had done extraordinary things in government. Every year the Sammies—as Max called them, in honor of his original patron—attracted a few more celebrities and a bit more media attention. And every year the list of achievements was mind-blowing. A guy in the Energy Department (Frazer Lockhart) organized the first successful cleanup of a nuclear weapons factory, in Rocky Flats, Colorado, and had brought it in sixty years early and \$30 billion under budget. A woman at the Federal Trade Commission (Eileen Harrington) had built the Do Not Call Registry, which spared the entire country from trillions of irritating sales pitches. A National Institutes of Health researcher (Steven Rosenberg) had pioneered immunotherapy, which had successfully treated previously incurable cancers. There were hundreds of fantastically important success stories in the United States government. They just never got told.

Max knew an astonishing number of them. He'd detected a pattern: a surprising number of the people responsible for them were first-generation Americans who had come from places without well-functioning governments. People who had lived without government were more likely to find meaning in it. On the other hand, people who had never experienced a collapsed state were slow to appreciate a state that had not yet collapsed. That was maybe Max's biggest challenge: explaining the value of this enterprise at the center of a democratic society to people who either took it for granted or imagined it as a pernicious force in their lives over which they had no control. He'd explain