



## *The Fifth Risk*

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By: Michael Lewis

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### ***New York Times Bestseller***

#### **What are the consequences if the people given control over our government have no idea how it works?**

"The election happened," remembers Elizabeth Sherwood-Randall, then deputy secretary of the Department of Energy. "And then there was radio silence." Across all departments, similar stories were playing out: Trump appointees were few and far between; those that did show up were shockingly uninformed about the functions of their new workplace. Some even threw away the briefing books that had been prepared for them.

Michael Lewis's brilliant narrative takes us into the engine rooms of a government under attack by its own leaders. In Agriculture the funding of vital programs like food stamps and school lunches is being slashed. The Commerce Department may not have enough staff to conduct the 2020 Census properly. Over at Energy, where international nuclear risk is managed, it's not clear there will be enough inspectors to track and locate black market uranium before terrorists do.

Willful ignorance plays a role in these looming disasters. If your ambition is to maximize short-term gains without regard to the long-term cost, you are better off not knowing those costs. If you want to preserve your personal immunity to the hard problems, it's better never to really understand those problems. There is upside to ignorance, and downside to knowledge. Knowledge makes life messier. It makes it a bit more difficult for a person who wishes to shrink the world to a worldview.

If there are dangerous fools in this book, there are also heroes, unsung, of course. They are the linchpins of the system—those public servants whose knowledge, dedication, and proactivity keep the machinery running. Michael Lewis finds them, and he asks them what keeps them up at night.

### **My Synopsis:**

An enlightening (if not scary) read on how much is really unknown by American citizens about the intricacy of what the U.S. government does, and the effects of what its actions have. It also opened my eyes to the power of political appointees and caused me to wonder why we allow so many important positions to be dictated by the whims of elected officials.

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## The Fifth Risk

p. 15 **Lost in Transition**

p. 24 There were hundreds of fantastically important success stories in the United States government They just never got told.

p. 26 People don't understand that a bungled transition becomes a bungled presidency. – Max Stier

p. 26 Most of the big problems inside the U.S. government were of the practical management sort and had nothing to do with political ideology.

p. 33 **Part I: Tail Risk**

p. 37 The United States government might be the most complicated organization on the face of the earth...Dysfunction is baked into the structure of the thing.

p. 53 ...inadvertently raises the question of how long it would take someone who wasn't so curious.

p. 62 It wasn't enough to have the world's finest forensic nuclear physicists. Our political leaders needed to be predisposed to listen to them and equipped to understand what they said.

p. 64 The private sector only steps in once DOE shows it can work.

p. 65 The fear of losses that might in turn be twisted into antigovernment propaganda was threatening the mission.

p. 67 ...managing risks was an act of the imagination. And the human imagination is a poor tool for judging risk.

p. 68 ...the risk we should most fear is not the risk we easily imagine. It is the risk that we don't.

p. 75 ...the risk a society runs when it falls into the habit of responding to long-term risks with short-term solutions.

p. 75 "Program management" is not just program management. "Program management" is the existential threat that you never really even imagine as a risk.

p. 77 If your ambition is to maximize short term gain without regard to the long-term cost, you are better off not knowing the cost.

p. 81 **Part II: People Risk**

p. 86 ...poverty came in many flavors.

p. 95 ...if you worry about everything, you wind up worrying about nothing.

p. 95 It's the places in our government where the cameras never roll that you have to worry about most.

p. 102 Change the culture that dispersed them from one of suspicion to one of sympathy.

p. 104 The problem with the program (SNAP) is not that people are cheating it. The problem with the program is that people who should be on it are not.

p. 114 There will no longer be truth and falsehood. There will just be stories, with two sides to them.

p. 115 Ignorance allows people to disregard the consequences of their actions. And sometimes it leads to consequences even they did not intend.

p. 119 Even when it was saving lives, or preserving communities, the government remained oddly invisible...

p. 119 We don't teach people what government actually does.

p. 120 All good intentions come from something personal. People create things because it's personal.

p. 121 ...increased corporate power was one of the forces that had reduced the opportunity available in rural America.

p. 122 She (Lillian Salerno) was a small-business person first and had no affection for the inefficiencies she found inside the federal government.

p. 123 There was a hole in the American capital markets: they simply didn't reach small towns.

- p. 126 Growing up, what was obvious to me was the kindness of community members. But government was less visible. You need to work really hard to appreciate it.
- p. 127 **All the President's Data**
- p. 131 One day someone will write the history of the strange relationship between the U.S. government and its citizens.
- p. 133 What don't we understand about our own citizens?
- p. 144 She'd discovered an emotional talent: she had the ability to decide not to be afraid.
- p. 145 She (Kathy Sullivan) wanted another mission that felt as important as the one she'd just completed.
- p. 147 Chaos theory: some small, barely noticed event can cascade into huge consequences down the road.
- p. 155 If we had known how to distinguish signal from noise we'd have seen it and prevented it. (Sept. 11).
- p. 170 That was the sad truth – the public servants couldn't or wouldn't defend themselves, and few outside the U.S. government had a deep interest in sticking up for them.
- p. 174 The more people stand to lose, the more money they will be inclined to pay.
- p. 177 The big pools of raw facts accumulated by the federal government are windows into American life.
- p. 178 ...a black person in a car was no more likely to be pulled over by the police than a white person.
- p. 181 Risk is uncertainty about the outcome. The less data you have, the more uncertainty you have about the outcome.
- p. 184 All this data, it would never have existed if not for the big government infrastructure that collected it.
- p. 190 The knowledge to be discovered in government data might shift the odds in much of America life.
- p. 190 There was a rift in American life that was now coursing through American government. It wasn't between Democrats and Republicans. It was between the people who were in it for the mission, and the people who were in it for the money.
- p. 193 ...when you're busy or something annoys you, you can just assume or pretend that someone else will handle it.
- p. 194 The relationship between the people and their government troubled her. The government was the mission of an entire society: why was the society undermining it?
- p. 195 The problem was that no one in government liked to pay now if they could pay later.
- p. 195 You need to figure out what you want your leadership team to be intentional about – because if they aren't intentional about it, it won't happen.
- p. 197 The only thing any of us can do completely on our own is to have the start of a good idea.
- p. 202 She (Kim Klockow) wanted to figure out when and why complacency turned to alarm and when and why alarm turned into action.
- p. 203 It isn't that people wantonly disregard warnings. It's that they think it won't hit *them*.
- p. 203 Some inner calculation led them to believe that, if it's never happened here, it never will.
- p. 204 Psychologists have long known that people see patterns where none exist.
- p. 207 A government agency does not have an incentive to hype. Private companies have an incentive to hype.
- p. 208 How could we think we could help people without understanding people?
- p. 209 ...she advised me to rely on "small bets" to make significant organizational change, not try to force big, sudden change from the top.
- p. 216 They'd given him a clearer sense of the odds.
- p. 217 People will be deathly afraid of one kind of risk and blasé about another.
- p. 218 All kinds of things might happen to you in life. By sheer accident only a few of them do.
- p. 219 You imagine the thing doing the damage that you would like to see done, and no more. It's what you fail to imagine that kills you.