

The Henry Mance Interview US politics & policy

Michael Lewis: 'The thing that really works for Trump is: the system's rigged'

One of the greatest chroniclers of America's financial crisis takes aim at the former president — and at the US response to Covid

Henry Mance YESTERDAY

Real life is not stranger than fiction, but, when Michael Lewis tells it, it is more exciting. Lewis is arguably the best in the world at finding underdogs and oddballs, and spinning their triumphs into smart entertainment. The data-driven baseball manager Billy Beane in *Moneyball*, the wacky contrarian investors in *The Big Short* — Lewis made them superstars, and their stories made him richer even than his brief stint as a bond trader at Salomon Brothers did. Most of his 18 books are bestsellers.

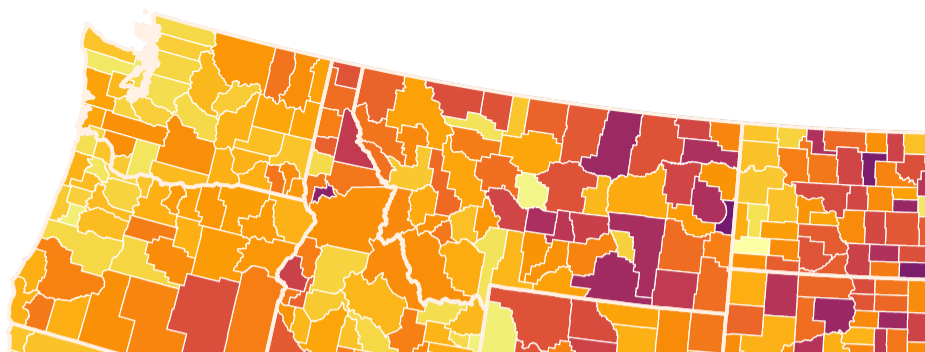
But do people really listen? When I meet Lewis in London's Covent Garden over breakfast, he's having scrambled eggs — and a few doubts. His most recent book, *The Premonition*, published last year, unpicked what really went wrong with the US's response to coronavirus. It wasn't Donald Trump (he was just a "comorbidity"). It was the dysfunctional federal agency, the Centers for Disease Control and Prevention (CDC), which demanded a monopoly on testing then couldn't produce a working test. It was also a failure to learn from history, namely the 1918 flu epidemic, which showed that places which embraced social distancing did better. Today those nettles remain firmly ungrasped.

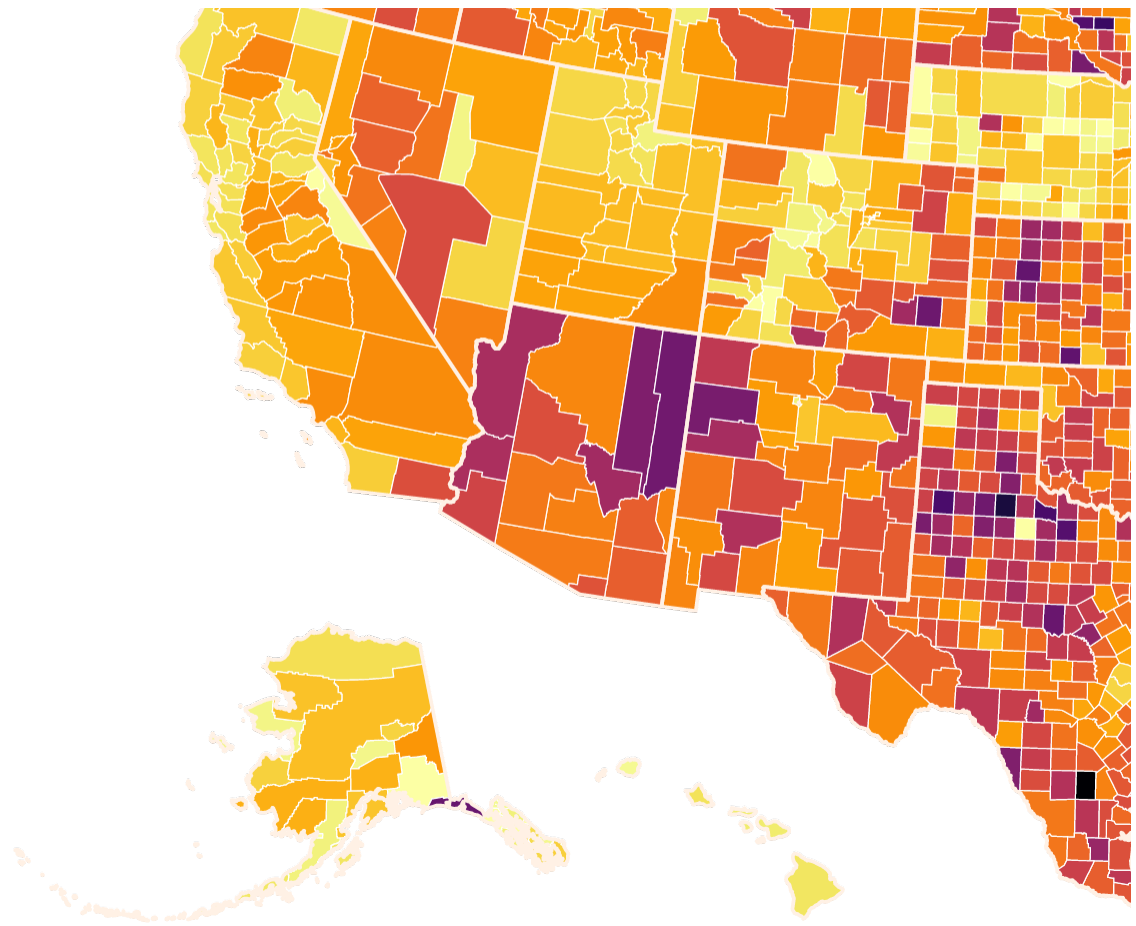
"I'm really surprised," says Lewis, who is genial even when in despair. "You look at the map of death rates across the United States, there are such dramatic differences from place to place . . . Why isn't the mayor of Miami, or the governor of Florida, being asked about that? They're not being punished at all. It's like people think it's in the hands of the gods."



Cumulative deaths attributed to Covid by US county

Covid deaths per 100,000 residents 0  1300





Source: [Johns Hopkins CSSE](#), [US Census Bureau](#) • Data updated June 29
FT graphic: Martin Stabe

FINANCIAL TIMES

The Biden administration, meanwhile, doesn't seem to have “any interest in reforming the CDC”; Congress has increased its funding by billions of dollars, “which is not what my book would suggest you should do”. Lewis did suggest the takeaways were that the US should have fewer political appointees and more civil servants, so that there would be more experience and fewer “pleasers”. “Nobody seems to have taken that seriously.” Actually, he says, energy secretary Jennifer Granholm did “read *The Premonition* and [Lewis's previous book] *The Fifth Risk*”, and wanted a key cyber security role to be made non-political. But the senate disagreed, deciding it would make the role seem unimportant.

So, as the pandemic eases, Lewis worries that the experience is being wasted. “There's no learning. And there's certainly no social consensus . . . If we want to lead the lives we're leading, we just have to get much more sophisticated about how we manage the risk.” He wants more tracking of diseases, better communication of statistics. He thinks that we should err on the side of caution when pathogens emerge: the US should have locked down schools while it studied swine flu in 2009. In other cases, the right response may be “gay bar closures” he says, nodding to monkeypox, which

the right response may be gay bar closures, he says, pointing to monkeypox, which has spread largely among gay and bisexual men. "Give yourself a few weeks to figure out what this is, or if this is anything." The "false alarms" would be worth the cost.

Lewis lives in Berkeley now, but he was born in hurricane-hit New Orleans. "When I was growing up, nobody did anything. Really. They boarded up their houses. Now hurricane season in New Orleans is a much more sophisticated risk management enterprise. They evacuate the city more often, but in response to much better data. That seems like progress."

Making political points is not really Lewis's game. Yes, *The Fifth Risk* (2018) took aim at the Trump administration for being so hostile to the federal government that it didn't even bother finding out what it did. But he insists that he's not an expert, and that he prides himself "on not muscling the reader around". He mainly just wants his characters to be heard, from the Big Swinging Dicks of his first book *Liar's Poker* onwards.

Why do characters open up to him? "First, it's time." Lewis spent "hundreds of hours" with Charity Dean, a Californian health official who is the heroine of *The Premonition*. Second, Lewis's books are a two-way street. "I can usually figure out how to make myself useful to [sources]". In *Moneyball*, Lewis alighted on Billy Beane, manager of the Oakland A's baseball team, who worked out that some players were systemically undervalued. In return, "I was able to bring him lots of intelligence from the locker room because the players were talking to me and they wouldn't talk to him."

If *The Premonition* has not yet driven change, *Moneyball* certainly did. Top-level sport is infused with data analysts. Has that improved sport? "It's been really bad for baseball." The smart way to play baseball is "to minimise movement" so "it becomes a slower, more plodding game". But in basketball and [American] football, he says, "the smart way to play it is much more free-flowing and active. The three-point shot didn't get fully appreciated until 20 years after the three-point line existed, and it was appreciated by analytical people."

The critique of Lewis is that he is biased towards his characters. Do the villains even get a right to reply? "Oh yes. I just don't show the work." He says he verifies what he's told: he spent so much time with other baseball teams "that Billy Beane didn't even know that I was writing a book about the Oakland A's".

But what if the narrative is wrong, and Lewis is such a good storyteller that readers

but what if the narrative is wrong, and Lewis is such a good storyteller that readers swallow it anyway? In *Flash Boys* (2014), he took aim at high-frequency trading for rigging the market, even though it has arguably lowered costs for many investors. Did he pick the wrong target? “It depends on what you think my target was. I thought the exchanges were the target.” Exchanges make money selling privileged access to traders. “Stock exchanges shouldn’t be that profitable. I’m not even sure they should be for-profit corporations; they should be mutual enterprises.”

As for traders, they are a mix: smart ones who take risk, and “dumb, fast traders who aren’t adding anything [and] are just taking advantage of latency problems”, he says. “It bothers me that they become billionaires and people think they’re making great contributions to society. But they aren’t the problem. The problem is the system.”

If so, why have regulators looked at high-frequency trading and decided not to act? “This is false. Because I’ve talked to the people who ran the SEC [Securities and Exchange Commission]. They come in saying, we’re going to fix this, this is outrageous. But fixing it is incredibly difficult because of how entrenched the system is . . . I’ve had people who were very senior at the SEC seeking my autograph because *Flash Boys* inspired them.” (Some high-frequency traders “loved” the book, he says.)

On the spot

Chances of another Trump presidency? 18.3 per cent

Will Biden run again? Is he going to be alive? If he’s alive, I assume he’ll run again.

What do you tell young people who want to go into finance?

There are good ways to do it and there are bad ways to do it. Be careful how you do it, rather than whether you do it.

Uber or walk? Walk.

Twitter or Instagram? Twitter, as a news feed.

The metaverse in one word? Shallow and phoney.

Lewis cites a “multimillion-dollar” lobbying campaign against *Flash Boys*. “I have emails between supposedly independent financial experts — the kind of people who turn up on CNBC, and heads of high-frequency trading firms — where this person is saying for \$50,000 a month I will discredit *Flash Boys*. So this is my next book. I’m not letting this go.”

Poor regulation helps to explain politics, he argues. “The thing that really works for Trump is: the system’s rigged. He’s wrong in how crude he is about it, and he doesn’t want to fix any of it, and he’s friends with all the people that are getting the money. But he’s not wrong that there’s an incredible unfairness.”

Liar’s Poker, his wild account of learning to sell bonds, shaped our image of Wall Street

son bonds, shaped our image of Wall Street.

Did *Flash Boys*, by alleging the system is rigged, contribute to the meme stock craze? “I don’t think anybody needed me.” It was, he argues, fuelled by the response to the financial crisis. He has said that he finds the meme stock craze funny. “I really don’t see why I should be too upset about it. I don’t think the SEC should be getting in the way of it. But I hope none of my friends are buying GameStop.”

Should the SEC also leave off Elon Musk, who incorrectly declared his twitter stake while moving to buy the company? “If he’s actually violating security law, which he seems to be doing, no . . . If the fact that Elon Musk has done it frightens the SEC off enforcing its own law, you’ve got to question the value of the law. That seems nuts.”

Lewis studied art history at Princeton. Can he see any value in NFTs, which some see as akin to fine art? “I don’t trust myself on this subject. I can see myself saying something really stupid that five years later I regret. But the answer’s no.”

His eldest child wants him to write about climate change, but Lewis is searching for the right character: “Someone who has made billions of dollars already, operating largely in secret, who is making bets that have paid off because of this catastrophe . . . I did a casting search, and I don’t think that person exists.” Does that frustrate him? “That I can’t write about the most important thing going on? Not too much. A little bit.”

He is now 61. Does he not worry that his best days are behind him? “No, no, I think they’re ahead of me, actually. I think I’m getting better.” In this confidence, I glimpse the charlatan 25-year-old bond salesman that Lewis once was. Yet I leave breakfast feeling that, if I were a renegade investor cynically making billions from climate catastrophe, I would tell him everything.