

Skin in the Game:

Hidden Asymmetries in Daily Life

By Nassim Nicholas Taleb

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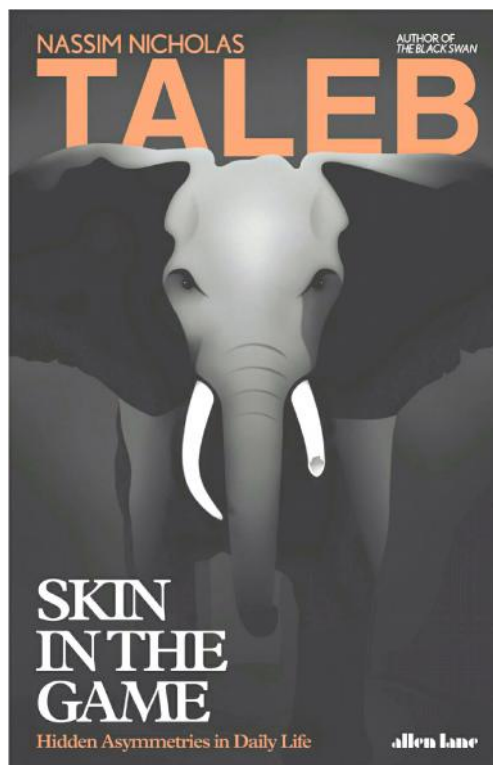
Nassim Taleb is a rare bird: a philosopher with a deep appreciation of history, culture and religion, who also understands the complexities of modern finance and the nature of risk. *Skin in the Game* is the latest in a series of volumes that investigate “opacity, luck, uncertainty, probability, human error, risk and decision making when we don’t understand the world”. His most famous book is *Black Swan*, an account of how high-impact but rare events dominate history.

Although he claims in his preface that they are non-overlapping, there is a sense in which Taleb’s five books are interlocking: a series of essays that repeat themes and embellish them with new insights and illustrations. Taleb is best imagined as if he were a small boy, facing an enormous plate-glass window with a large rock in his hand. His objective is to create as much damage as possible to a worldview that claims to have scientific, mathematical or economic explanations for everything. He rails against the ignorance and arrogance implied in this worldview and dismisses its proponents as charlatans and “faux-experts”. Taleb does not hold back when it comes to excoriating criticism.

The rationale for his righteous indignation is his profound understanding of the nature of risk in an uncertain world. To be clear, uncertainty is all around us and is unavoidable; risk is our personal

responsibility. *Skin in the Game* highlights areas of injustice, where politicians and professionals in all walks of life apply judgements and make interventions – based on what

that are increasingly fragile to extreme events. In other words, that our *hubris* has invited societal and economic ruin. Pride comes before a fall.



they believe and have been taught – that inflict painful consequences on others, but at no discernible cost to themselves.

The key insight of the book is that true rationality is avoidance of systemic ruin. We can recover from error, failure and even disaster, but – humanly speaking – there is no way back from ruin. Taleb worries that over-confidence in our imperfect understanding of the world – be it in medicine, physics or finance – means that we are prone to building systems

Taleb defines three states of being: fragile, meaning objects and systems that break under stress (such as glass), robust, those that can endure a limited amount of stress (such as bridges), and anti-fragile, those things that strengthen and improve in response to stressful change (such as biological organisms and cities). True religion is, in his worldview, anti-fragile: it flourishes when stressed.

To gain an appreciation of the force of his conviction, and the relevance of this book to the Christian faith, it is important to know something of Taleb’s early life. He was born in Lebanon – or the Levant, as he prefers – to a rich and influential family of Greek Orthodox believers. His grandfather and great-grandfather were deputy prime ministers and his great-great-great grandfather was the governor of Ottoman Mount Lebanon. Taleb sees himself as a man of destiny, perhaps even a prophet, to a world that has ceased to believe in God and now believes in anything, to paraphrase GK Chesterton.

The core concept of the book is asymmetry, most obviously asymmetry of information. Taleb explores the morality of business contexts where sellers routinely exploit an informational advantage