HOW NETWORKS AND HIERARCHIES EXPLAIN THE WORLD

Social networks are nothing new, as **Matthew Lesh** discovers in Niall Ferguson's new book on the dynamics of networks and power.

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Niall Ferguson's *The Square and the Tower* is a whirlwind journey few historians would attempt. From the House of Medici to September 11, the Reformation to World War II, the Enlightenment to Facebook, Ferguson's sixty-chapter sweep through history is an audacious effort to show how networks and hierarchies shape the world. This broad perspective allows us to better understand the internet and social media networks which are decisively reshaping contemporary politics.

Ferguson, a Scottish academic and master of narrative, divides history into periods of increasing importance of networks and others as eras of hierarchy. The book's title, *The Square and the Tower*, refers to the Piazza del Campo in Siena, Italy: a public square which allows for informal social interaction, representing networks, but is overshadowed by an imposing tower (pictured, left), symbolising secular power and hierarchy.

For most of history the hierarchy of village elders, feudal lords and religion dominated our small, centrally controlled communities. Then from the 16th century onwards came Martin Luther's heresy, the Enlightenment, and the scientific revolution, wreaking havoc on hierarchy. In the early to mid 20th century hierarchy was back and bigger than ever: communist and fascist totalitarianism at the extreme, and economic planning in the democratic West.

Since the 1970s, however, we have entered a new networked era, spurred on by new technologies and the failure of economic planning. A networked era empowers those with the most social connections rather than those who sit atop a structure. The highly networked Davos elite, one could suggest, are far more powerful than most heads of state. This has created, Ferguson argues, a 'crisis of hierarchical institutions'. States are struggling to keep up with networks which have empowered new ideas and people.

Ferguson's premise is that professional historians have typically 'tended to ignore, or at least downplay' networks due to their focus on the hierarchical state. In fact, he argues, networks play a key role across history. Enlightenment intellectuals were highly networked in developing their ideas. The Cambridge Five spy ring (Philby, Burgess, Maclean et al) was only possible because of effective Soviet infiltration of the Oxbridge old boys network. The power and extensive influence of Henry Kissinger - the doyen of realist foreign policy - came from his networks. Al-Qaeda is the 'anti-social network', aiming to destroy key American finance and political network power, while itself being a decentralised terrorist network. The list goes on.
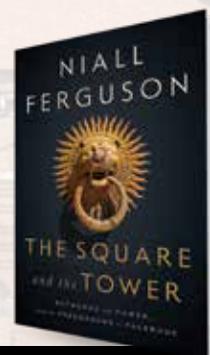
The Square and the Tower: Networks and Power, from the Freemasons to Facebook

By Niall Ferguson
Penguin Press, Jan 2018, 592 pp

Ferguson is at his best separating fact from fiction in the case of networks that attract the ire of conspiracy theorists. The Illuminati, the Rothschilds and George Soros do not control the world. But they are influential and fascinating case studies in the importance of networks. The Illuminati were a network of 18th century German rationalists, mostly contained within the Freemasons, that were subsequently oppressed. The Rothschild family were an extremely successful banking network that, through their network of couriers, were purveyors of valuable information. Hedge fund manager Soros and his financial network were responsible for shorting the British pound, forcing the 1992 depreciation and subsequent floating of the currency, which Ferguson links to Tony Blair's 1997 win and the introduction of the Euro.

> **FERGUSON'S PREMISE IS THAT PROFESSIONAL HISTORIANS HAVE TYPICALLY 'TENDED TO IGNORE, OR AT LEAST DOWNPLAY' NETWORKS DUE TO THEIR FOCUS ON THE HIERARCHICAL STATE.**

Ferguson's most important argument is that the growth of the networked world, as enabled by technology, is not necessary a benign affair. His key historic metaphor to today's networked age is the development of the printing press in the late 15th century and the rise of Protestantism. Martin Luther's *95 Theses* only instigated the Reformation because it could be easily spread by recently invented printing technology. Luther hoped to create a utopian 'priesthood

of all believers'. In fact, the new technology and ideas established competing polarised networks that plunged Europe into hundreds of years of war. Today, Ferguson argues, we are seeing a similar chain of events: information communication technology and social media enables dispersed groups to unite, enabling polarisation and driving conflict with other groups—be it nation states, terrorists or domestic political partisans.

Facebook is the world's biggest ever social network with a breath-taking 1.79 billion monthly users. Stanley Milgram's six degrees of separation—that six people separate each individual and any other individual—is just 3.57 degrees of separation between people on Facebook.

Social media users express homophily, where shared interests and personality types connect together, establishing a feedback loop of increased interconnectedness. These connections, when they become political, create information bubbles relentlessly confirming biases that increase polarisation.

Ferguson quotes the founders of social media companies to show how their naivety is akin to Luther. 'I thought once everybody could speak freely and exchange information and ideas, the world is automatically going to be a better place,' Twitter co-founder Evan Williams told the New York Times in 2017. 'I was wrong about that.'

Facebook founder Mark Zuckerberg has similarly talked about his ambition to 'connect the world', and Google's original mission was to 'organise the world's information'. In fact, Ferguson argues, these networks have increased polarisation and conflict, empowered an oligarchic few in

Silicon Valley, and helped spread extremist ideas.

There is an element of truth to this narrative. Polarisation is growing, social media is changing the nature of politics, and modern technology allows bad ideas to spread and bad people to connect. Ferguson's tone, however, is potentially overly pessimistic. The news is not all bad. Social media is allowing us to make and keep connections with friends, family and acquaintances. It is letting politicians directly communicate with the public, unfiltered by traditional media sources.

> **KNOWING MORE ABOUT THE HISTORY AND IMPORTANCE OF NETWORKS ULTIMATELY PLACES US IN A BETTER POSITION TO UNDERSTAND THE WORLD TODAY.**

The alleged oligarchic power of the likes of Mark Zuckerberg is also overblown. A successful competition law prosecution requires some consumer harm—which does not exist when a companies are providing free, useful services that we are not forced to use. The Silicon Valley services will only be as popular as long as they are useful. There are network effects, but consumer preferences can and do change. Technology giants have to be responsive to consumer demands or, like many before them, risk decline in the competitive market. Just remember the doomsayers who complained about the monopolistic power of MySpace in the 2000s.

Ferguson's argument about the power of a select few in Silicon Valley provides cover for those who seek government regulation. In February this year Ferguson

wrote an article for *Time* magazine headlined 'Why Mark Zuckerberg Can't Be Trusted to Regulate Facebook'. Government regulation, however, is not the answer. Red tape would help existing market players who can afford to comply, ultimately hindering innovation and competition, and empowering government to control what we can and cannot see.

> **THE BOOK IS AN IMPRESSIVE EXPLORATION OF 500 YEARS OF HISTORY THROUGH A SINGLE LENS: THE DICHOTOMY BETWEEN NETWORKS AND HIERARCHY.**

The European Union is already forcing social media companies to censor so-called 'hate speech', and threatening laws if they do not. French President Emmanuel Macron has proposed banning 'fake news'. Governments deciding what we can and cannot see online on such subjective grounds is a serious attack on free speech.

Ferguson's grand narratives and bold claims are precisely what makes his work interesting and engaging. His latest book is not about a particular historic time period or person. It is an impressive exploration of 500 years of history through a single lens: the dichotomy between networks and hierarchy. Ferguson's grand approach can, however, be problematic in itself. The high number of historic topics he fits into the model makes each chapter relatively superficial. You cannot hope to fully explain World War II or the Enlightenment in a single short chapter. In addition, Ferguson,

by focusing on one element of the human experience, networks, is potentially downplaying the impact of all the other factors, such as ideas, economics, and political leadership. Networks are an important part of the human story, however they are not necessarily the cause of all events.

The Square and the Tower is a timely and historically expansive exploration of the topic of the day: the impact of (social) networks. There are few historians who can or would even try to be as relevant. Ferguson is a talented writer and historian who captivates readers about the past with a keen eye on contemporary issues. This is the essential value of the book. Knowing more about the history and importance of networks ultimately places us in a better position to understand the world today. ⟨R⟩