



Niall Ferguson.

***The Square and the Tower: Networks and Power, from
the Freemasons to Facebook***

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It is quite difficult to discuss the functioning of network-based economic and social relations by revealing a historical background especially for the period when Neo-liberal economics was dominant. The classical economics approach claims that it takes the individual to the centre while making the economic analysis. One of the deficiencies in the studies conducted through this approach is to explain major structural events or facts based on individual level analysis. The network analysis approach, which has been frequently encountered recently, examines the individual, as a social entity with its social interactions. Network analysis, by analyzing economic events in many ways, can better explain the problems related to social structure in a cause-effect relationship. The network analysis approach is considered a structural approach as it examines not only individuals but also relationships and their effects.

Apart from the main commercial network texts and discussions we have for the 18th and 19th centuries within the discipline of economics and Islamic economics,

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resources (primary sources in particular) that will help to understand the ground in the pre-modern period should also be examined from this perspective. At this point, it is important to know what kind of roles social and economic networks play in the development of societies and economic structures. In addition, the analysis of these social and economic networks within a historical framework can be cited as a requirement.

The book, *The Square and the Tower: Networks and Power*, from the Freemasons to Facebook, published recently and appeared with the above mentioned understanding, was written by Niall Ferguson in 2018. It is important to emphasize here that Professor Ferguson is a financial historian, having interest in British and North American economic history, and has carried out numerous book projects in these fields. The basic idea that Ferguson focused on while writing this work is the claim that the world is shaped by two different organizational structures i.e. traditional top-down principles of governing and social networks. This distinction can often seem like a classification that is not sufficiently large; ultimately, most networks are hierarchical and interrelated. Based on this basic claim, Ferguson reconsiders the idea that “History” or “Historical Events” are events that develop around rulers. Thus, he reconsiders in this book, his work that social networks have designed all real relationships in society and that they are in an endless struggle with the traditional top-down hierarchical order. As a matter of fact, in the introduction, after describing networks and hierarchies in general, he emphasises the interaction of networks with each other and hierarchical structures.

The book consists of 9 chapters including the introduction and conclusion sections. The introductory part is not a short section, but can be considered as a ‘long introduction’ consisting of a total of 10 sub-sections. The introduction includes definitions of networks and hierarchies, which we have tried to summarize above, the interaction of these networks with each other and hierarchical structures, as well as information on 7 understandings of the network theory. If we summarize these titles briefly; “sometimes, as in the case of the American Revolution, crucial roles turn out to have been played by people who were not leaders but connectors”, “Structure determines virality”, “Networks never sleep. Networks are not static, but dynamic” and “The rich get richer. Because of preferential attachment, most social networks are profoundly inegalitarian”. On the other hand, in the introduction, Ferguson talks about some historical experiences such as the Bavarian Illuminati to understand networks. He states that the main purpose of his book is “to find a middle way between mainstream historiography, which has tended to understate

the role of networks, and the conspiracy theorists, who habitually exaggerate their role” (pp. 56-57). Basically, in the introduction, which consists of 10 sub-sections, Ferguson mentions that there are two network ages or revolutions in history, as well as reveals a research ground for historical interaction between vertical hierarchies and horizontal networks.

In the second chapter of the book, in order to better understand the historical interaction between hierarchies and networks, the features of hierarchies and the institutions through which they direct world history are explained in a short and clear manner. Why did hierarchies precede networks in history? The answer of this question is tried to be explained with historical examples in this chapter. The commercial and social networks of the Medici Family, which is considered the first example of the network, are mentioned in this chapter, which contributes to the understanding of the views about the second network age, which will be mentioned in the following sections. The continuity of family networks in the fourteenth century Europe, the economic rise of the Medici family in Florence, and the ties they established with other Florentine big-wealthy merchant families have been described as a social network outside the traditional hierarchical order. In the last part of the second chapter, Ferguson describes the period named by him as the first network age in history. This period started with Johannes Gutenberg’s invention of the mobile printing press. According to Ferguson, these inventions and subsequent developments have been the developments that allowed Martin Luther to spread his ideas, and thus the reforms.

In the third chapter, “The Economic Consequences of the Reformation” are discussed and it is explained that the Europe’s cultural and economic life was largely shaped in and around Rome before the Reform period, and this situation changed after Luther’s revolution. It explains the economic developments in Europe after the Reform efforts. While it was developing at a regional level around guilds and guildhalls, it is noteworthy from this chapter that the economic developments completely changed the cultural network of Europe (pp. 86-87). In this chapter of the book, it is explained that the expansion of the international maritime trade network, and Indian and Transatlantic trade since 1700s in particular, were the most important driving forces of the network idea in Europe at that time. As in the experience of the British maritime trade network, the commercial networks basically can be developed independently from the hierarchies. Moreover, the cultural environment brought by this idea of doing business has directly affected the development of social and economic networks in Europe. It should be said that the

effect of Ferguson being a British historian is quite prominent especially for this chapter. Mentioning the effects of the political revolutions in the 18th century that led to the birth of networks with many hierarchical features such as “Bankers” and “Freemasonry”, Ferguson states that such examples are the result of the development of the first network revolution or age and printing press technology.

The political developments of the nineteenth century mentioned in the fourth chapter and the re-domination of the authoritarian political view of the hierarchical order did not invalidate the intellectual, commercial and political networks created in the previous three centuries, according to Ferguson. Indeed, in this chapter, Napoleon’s strict legal-based hierarchical system is said to have had no effect other than a certain political power. The Rothschild’s family, the most important executive of the “Banking and Credit-Loan” institutions in the 19th century, was a crucial example of networking. The new credit networks and business networks they established with the financial operations of this family formed the basis of monarchism in Europe at that time. The ‘Rothschild House’ mentioned by Ferguson in this chapter is stated as the most important example from the social networks which existed at the end of the 19th and beginning of the 20th century. Indeed, at every stage of the Industrial Revolution and afterwards, economic and social networks have played a crucial role not only in spreading new processes, but more importantly in the development of qualified labour migration, knowledge and skills, and the consolidation of capital. Ferguson emphasizes “The ‘steam network’: with initiatives of James Watt and Matthew Boulton and the social network of steam engine technology” in this chapter. And only following the technological developments for industrial manufacturing after the industrial revolution, it became possible to be included in such network networks.

Although the fifth and sixth chapters are short, they can be considered as an annex to the previous chapter, the fourth one, in terms of the history of political events. As a matter of fact, the relationship between hierarchy and networks was discussed in light of the experience of British and German Empires in Europe. Along with Europe, the contribution of Taiping’s practices in religious mysticism and agricultural reform movements between 1850 and 1864 in China, has also been revealed in this chapter. After these examples, some other examples are given in terms of their effects on networks due to the political developments in South Africa and from the Hitler period until the middle of the 20th century.

In the seventh chapter of the book, it is explained that the United States and the Soviet Union, which were the two actors of the cold war era described as “the

long peace”, have a very strict hierarchical order. It is mentioned that both states with this strict hierarchical order do not open a socially networkable area to their citizens. In addition, the financial developments with the course of trade and their close relationship with monetary policy did not seem sufficient to establish this network. However, the Cold War era was seriously active for establishing allied relations and partnerships between countries. According to Ferguson; “Both superpowers constructed large, dense and relatively stable networks of allies that combined mutual defence commitments with commercial integration. Between 1816 and 1950, the number of alliances per country had been on average just over 2.5. By contrast, in the period from 1951 until 2003, the average was more than four times larger, 10.5” (p. 213). This shows us that stable allied networks were built. These above mentioned military collaborations, which were largely called ‘Henry Kissinger Network’ by Ferguson, had great economic benefits for the USA and the Soviet Union. As a result of these relations, a ground had been prepared in order to spread the neo-liberal economic model around the world in the medium term. As this chapter ends, Ferguson notes that the ‘Second Network Age’ began in the late 1970s. Throughout this chapter of the book and the eighth chapter that follows, Ferguson lists various examples, from Kissinger’s network with effective individuals - statesmen - to social networks that return to some anti-terrorism and propaganda tools and decentralized network forms.

In the eighth chapter of the book, the author tries to explain how the new network analysis of the new world formed after the collapse of the Soviets and 2001 New York attacks. At the beginning of this chapter, Ferguson especially attempts to examine the 2008 financial crisis extensively. The lesson to be drawn from this financial crisis; rather, it was at the point that financial institutions and organizations had financial relationships with each other and that they did not have any network at assurance points. In addition, Ferguson stated that the 2008 financial crisis has reduced the trust of individuals to central authority and government administrations, and argues that this is the most important tool in social networks. Finally, Ferguson concludes this chapter with Trump’s assessment of the influence of social media and manipulations in his election as the president of the USA.

Mentioning that the world has entered a period dominated by cyber networks, Ferguson says that economic and social relations will be designed through these networks. Both horizontal and vertical networks are the most important tools for the future of the world. He says that technology companies such as facebook, twitter, google and amazon have introduced a new social networking language.

At this point, the most important question to ask is how much new information and arguments has the book given to researchers interested in the history of economics and economics with society studies. It is possible to evaluate the answer to this question from three different points. First of all, when looking for the answer to this question, it is necessary to look at the content of the book. Accordingly, when we look at the chapters of Ferguson's book, we see that there is a historical narrative and a conceptual knowledge transfer especially in the first chapters. There is no doubt that short and clear information that informs the reader about hierarchy and networks are good 'essence'. However, for what reasons this information was chosen and what base it was sitting on, could be explained more clearly. In order to ensure this clarity, a framework could be determined through business networks, social networks and modern period networks.

The second important point is that the content of the book is considered as a broad synthesis in terms of network analysis method even if it is not a reference book in terms of the analysis of "networks and hierarchies". The historical background and historical sample cases presented to the reader are undoubtedly useful in understanding the socio-economic transformation in history. It could be said that it is a highly encouraging book for network analysis with its archive-based resources especially for the researches from the history of economics or economic history of Islamic societies; especially. It can be said that it is an inspirational book especially for those who are looking forward to entering to such studies at postgraduate level.

The final point of evaluation will be on the guidance of the book, especially in the context of networks within Islamic societies, hierarchical political and social structures, and economic institutions influenced by these structures. In particular, it can be stated that trade, traders, merchants and their business networks, have recently increased the ability to comment on the view of modern world economic system and practice of Ottoman economic and business operations, the structure of Islamic societies, and Islamic finance. Issues such as explaining hierarchical or horizontal business networks through partnerships or what social network structures can occur in today's credit relations stand out as important research questions at this stage. Economics, economic history and sociology studies to be carried out through network analysis method on this research base are gaining importance. Analysis of the economic and financial institutions of the societies will widen horizons in terms of the functioning or transformation of these institutions, and in particular the reorganization of international trade, traders, business partnerships and financial credit relations.