



Jackson Square Book Talks

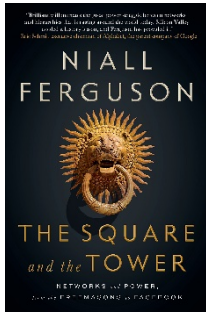
Niall Ferguson – The Square and the Tower

A Commonwealth Club Presentation sponsored by Jackson Square Partners

Brexit, Trump, and the gilets jaunes protests in France are all emblematic of the battle between traditional institutional hierarchies and the newly ascendant technology networks that are challenging sovereigns globally.

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Niall Ferguson
Senior Fellow, Hoover Institution;
Author, *The Square and the Tower: Networks, Hierarchies and the Struggle for Global Power*



In Conversation with
Quentin Hardy
Head of Editorial, Google Cloud

OUR KEY TAKEAWAYS

A key societal issue today is the power struggle between traditional hierarchical institutions of power (“the Tower”) and the distributed power of a newly networked public (“the Square”)

Why? Hierarchies are a special kind of network in which flows of information are restricted to maximize the centrality of the ruling node.

- Traditional hierarchies place a premium on stability, and bureaucracy is its quest for safety
- Government hasn’t adapted the regulatory framework to account for business models that are “free” and thus appear benign
- Networks, due to preferential attachment, are profoundly inegalitarian – the rich get richer
- New technologies create new networks: railroads, steamships, telegraph, telephone, newspapers and now the internet and mobile phone systems
- Social Media Networks have become “engines of political polarization,” creating a myriad of negative externalities

- The internet has scaled massively into a network of global “netizens” at a time when traditional hierarchies are coming under increasing pressure
- News creation and dissemination was formerly tightly controlled, both content and distribution, but now is “free” on the internet, leading to “fake news” and virality of incendiary content

Key Implications:

- The concentrated market power of key networks creates regulatory risk and negative externalities
- The ascendancy of networks at the expense of traditional hierarchies creates a “Revolt of the Public” (Gurri) dynamic, which is politically destabilizing
- Growing bi-partisan regulatory and tax initiatives should lead to a more benign competitive posture relative to smaller upstarts

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