

The Valentia Lecture 2017

VALENTIA – The birthplace of globalisation

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Well the first thing I want to do is I want to thank Leonard for sending me an email out of the clear blue, it must have been about six months ago, asking me to come here and I have been to Ireland several times but never this far west and I just thought it would be a wonderful thing to do. I think the reason you invited me was I had written a book, not really about Ireland, it's called 'From Silk to Silicon' and it's about ten people who gave globalisation a gigantic boost.

I looked over a thousand years and I picked ten people who did something that was so spectacular that they changed the world that they lived in and that what they did continues to have reverberations in our time. So, I spent a year just reading global history, I'm not a historian and you know it was both exciting and really exhausting. As I read about the last thousand years, I identified ten people and I had to have some criteria, and in addition to really making globalisation much bigger and deeper than it was before their times, I wanted to pick people who rolled up their sleeves and did something as opposed to just having had an idea, and one of the people I chose was Cyrus Field. I think that's why you asked me to come here so I do want to talk a little bit about Cyrus Field and I'd like to put him into, you know, a broader context.

I didn't quite realise when you invited me what this forum was all about, and the notion to me -, I want to start this way because if I only say one thing, this is what I want to say. The notion to me that this wouldn't be a UNESCO historic site is absurd, I mean, if you think about how history has been made. You know, in my view, having written this book and you know it took me seven years to write, actually really, closer to ten to write the book, what happened here was of such enormous significance. I mean in my view, globalisation is the most powerful force acting on the world. The history of the world: human history and the history of globalisation, are the same thing. I mean, we'd been globalising for sixty thousand years when a handful of families in Africa stood up and walked out of the continent and they were looking for food and they were looking for security and ever since then, we have been

globalising. So it's a very powerful force, and some of the forces are negative. Wars constitute globalisation, the environmental destruction constitutes globalisation and some of the forces are very very positive. I would agree that trade and investment are extremely positive. But, however, if you want to think about globalisation, it's a really powerful force and there hasn't been, in at least the last thousand years, the impact of the transatlantic telegraph. The fact that it started here, to me makes it such an obvious candidate for UNESCO, such an obvious candidate to have historical status that I'm almost bewildered that you have to work so hard to get it there.

So what I'd like to do, I'd like to talk a little bit about Cyrus Field because in a way, I can talk a lot about globalisation and I'd love to do that in the question and answer period. I always tell my students you know I grade, the grade in my classes is always 75% participation, because I don't like to lecture and I do like to engage. So I'm going to keep this fairly short and hope that we can have a real discussion about the telegraph and globalisation. Everyone here has heard speakers say they were going to speak for a short time and then they go on and on. I remember those Latin American dictators you know in the fifties, they [would] speak for six or eight hours. The reason I'm going to be short is that I once saw a speaker who said the same thing he said I'm going to speak for ten minutes and then he went on and on and on and in the middle a man got up and started to walk out. And of course the speaker, very taken with himself, because he's going on and on, he stops what he's saying and he points at the fellow and he says 'Excuse me Sir' and the man turns around. He said 'Where you going?' and the man said 'I'm going to get a haircut' and the speaker said 'Well why didn't you get a haircut before you came?' and he said 'I didn't need one before I came'.

The story of Cyrus Field starts in the winter of 1854. Now picture this, Cyrus Field was thirty-four-years-old. He had had a very successful career, in of all things, selling fancy stationery. His doctor had told him he better slow down so at the age of thirty four he was just about retired, he psychologically retired. He lived in a big mansion, in a part of New York called Gramercy Park which is a lovely lovely part of the city and he had a brother named Matthew who was an engineer. Matthew happened to be sitting in the lobby of a hotel, and he was sitting just coincidentally next to another engineer named Gisborne, who was from Newfoundland. They just struck up a conversation and Gisborne said 'I'm here in New York,

I have the concession, I have the sole concession to bring the telegraph from Newfoundland to the US but I started doing it and I ran out of money and I'm here in New York looking for money'. And Matthew, Cyrus' brother, said 'You know what, I have a brother who's got nothing to do and he's really rich and maybe he'd be interested'. And so right on the spot, a very American thing, they walk over to Gramercy Park and Matthew brings Gisborne into Cyrus' living room and he says to Cyrus, 'This guy has a really interesting idea, he wants to, he wants to connect Newfoundland to the US by telegraph'. And Cyrus Field who was not noted for his modesty or his delicacy, he said 'I couldn't care less about this'. He said 'I don't know anything about the telegraph'. He said 'I don't even know where Newfoundland is, I don't know why you're bothering me'. And the two guys leave, you know, pretty embarrassed. And Cyrus goes into another room where he has a big map of the world. And he's looking for Newfoundland and he has some idea that it was connected to Canada but he's looking on the west coast, he's looking around. Finally he sees it. And he sees on the map that the distance between the edge of Newfoundland and the edge of Ireland is a much different distance than from New York you know, to England. So he calls his brother back and he says 'Why are they thinking about connecting this thing from Newfoundland to New York? That's easy. What about connecting it between Newfoundland and Ireland?'. In those days there had been some talk about a transatlantic telegraph but it would be like today talking about colonising not Mars but some planet that doesn't even exist now. So, they had the discussion and remember this was the 1850s and the middle of the 19<sup>th</sup> Century in the US and in England was a time of enormous possibility. You know this was the year of the Rockefellers and the Carnegies, their equivalents in England and the most massive amounts of money were available or were being generated. They were building the railroads. The telegraph itself was a huge deal and although it didn't cross waters, it was certainly uniting countries so there was big possibilities - for the first time in the US national companies were arising. So the notion that somehow you do something really big was not so far fetched.

One thing led to another and Cyrus Field decided he was going to bring five friends together and they were going to talk about whether there's anything here. Over five nights, in Cyrus' study, poring over maps, they decide that this would be a really interesting thing to try. Their interest had nothing to do with globalisation, this was just, this just sounded like an incredible technological project. This sounded like the railroads, like building the railroads, so they

decided to do it, they decided to try to do it. They got together one morning – the only time they could get together was at 6am and in fifteen minutes, they raised a million and a half dollars then which is like forty or fifty million dollars now. Just the seed money, because the first thing they had to do was to buy out this guy Gisborne and get the rights to take the telegraph from Newfoundland to New York. They raised the money, they got the concession and Cyrus Field went to the US government and the British government, raised more money, and then the problems began. Cyrus Field knew nothing about technology, he knew nothing about finance, he had been in the paper business. And then ensued one of the great projects in history. I'm not going to go through all of the details but they assembled the company, they had a heck of a time getting the money from both governments and in 1857, the summer of 1857, right from the bay here, they started the adventure.

I'd never been here when I wrote about this but I read everything there was to read and I actually had the diaries of Cyrus Field's brother who was the writer and who was with him the whole time. So when I got here yesterday, you know the first thing I wanted to see was where that cable started in 1857. And the description in the diary was about, it was an enormous celebration. They had a military band, they had dignitaries from England and Ireland, they had a big cricket match, and and it was an enormous send off - the whole bay was filled with little boats. You know I had this picture in my mind and when I saw it this morning I could just feel the whole thing, it was quite dramatic.

But it wasn't very long before they were taking the cable towards Newfoundland and it snapped. So, it was a big failure. So Cyrus Field goes back to the company that was overseeing this and they agreed to try again. First time was the summer of '57, the second time was the summer of '58 and once again, they're on the way and the cable breaks. And when the cable breaks, they lose it, it's like they have to start all over again. One month later, they tried for the third time and all along the way they were trying to perfect the technology. No one had ever laid a cable across water in any more than the English Channel. The boats were incapable of carrying the weight of all of this cable, and the notion of sending the electrical impulse that distance, across the Atlantic, they just didn't know how to do it. So it was one kind of problem after another and a lot of mundane technical problems.

Then came the US Civil War and Cyrus Field, his attention was diverted to the US. It was really a good thing because England, in its wisdom, created a commission, a commission of

inquiry, in which they decided to investigate how these first three attempts failed. Is it really possible to lay a transatlantic cable? Could it be done? All during the civil war, this commission of inquiry examined-, they assembled the best minds in England and they really did a very very thorough job and by the time they were finished, the Civil War was over. They concluded that yes, it could be done, but they had a lot of technical specifications.

So, in 1865, they try again. And this time, a lot of technical knowledge had been amassed and something else happened. A gigantic ship had been built, called The Great Eastern. It was built in England for tourism. It was the largest ship ever built in history and for some reason tourists weren't interested. So here was this massive ship, totally idle and Cyrus Field recruits the ship to the mission. And now they've raised a lot of money, they've lost a lot of money. Cyrus Field proceeds to give everybody a piece of the action - the cable guys, the ships, the people who are providing the provisions. So now it's a gigantic venture capital operation. The governments wanted no part in it. The governments, of course, wanted this cable but they were not going to put any more money in it. So in June 1865, they try for the fourth time. Now at this point, there was enormous cynicism in the world that this could be done. The hopes had been raised so many times and on one of those missions they actually were able to send a message over the cable but it didn't last very long, so ultimately it was considered a failure. And finally in July 1866, in one second, at Heart's Content, when they connected the cable, the world changed.

You can point to lots of changes in the world but rarely in one second. Before that it was fair to say that news across the Atlantic travelled no faster than it did in the days of Julius Caesar and it was all at the mercy of the wind. Sometimes it would be a couple of weeks, sometimes it would be a couple of months and in that one second when the cable was joined, we had real real-time communications across the Atlantic. And it's really not possible for us to put ourselves into the position of what that did to human beings' sense of themselves. I mean we think the Internet was a major breakthrough and, of course, it was in many respects. But I remember when I first used the Internet. Years before, on my television, I was watching the war in Vietnam, I was watching the massacre at Tiananmen Square, so we had global communications. The internet obviously enhanced it but it was like going from a hundred miles an hour to a hundred and five, or a hundred miles an hour to a hundred and twenty-five. The transatlantic cable is like going from zero to a hundred and it changed everything. It

changed absolutely everything. People used to invest across the Atlantic and they wouldn't know the results, they wouldn't know the price of their investment for a month. So imagine that, you make an investment, you're a Brit and you're making an investment in this new country called the United States and you don't know for a month or so, what happened. Suddenly you knew right away. Suddenly the New York Post was posting the British prices every single day. It allowed multinational corporations. There were no multinational corporations of any note because you couldn't manage people around the world, you didn't know what was happening.

In one of my chapters, I talk about a fellow named Robert Clive who captured India for the British Empire. This was in the early 1700s. It took six months for him to send a request to London and get an answer back. Suddenly, the British could manage their far-flung armies in real-time, send instructions to generals within minutes and get a response back in minutes. So it changed the whole nature of military warfare. It changed the nature of international management, how you manage things across borders. But, maybe most important of all, it accelerated and deepened the exchange of ideas. You know it wasn't that there wasn't an exchange before, the founding fathers of the United States were quite knowledgeable about what was going on in England. But that was a few, that was a handful of people. Suddenly, the world knew what was happening, they knew where there was a revolution, they knew where there was a change of leadership and in the arts and culture, we had instant transmission. It's very hard to know what could be more important than that. And of course, the transatlantic cable was the forerunner to all kinds of international communication. We had radio that suddenly could beam signals across borders, we had television. All stemming from-, the transatlantic cable was the linear ancestor, the global radio, the global television, global satellites, and the internet itself. It was the beginning.

It set the pattern. And everything that happened in those first ten years, we see again. I was explaining to someone today that the transatlantic telegraph had enormous benefits in the speed and allowing all of this management and exchange of ideas, but there was massive fraud. The telegraph was used by the underworld for all the kind of things that the internet is used for today. So in many respects we're seeing a replay. If you had to put your finger on something I think that was really formative in terms of the human experience, it happened

right here. It happened right on this island and for that reason I think that it would do UNESCO proud to have this as one of their heritage sites.

Well, let me just say a word about where we go from here. The kind of globalisation that the transatlantic telegraph began not only across the Atlantic but, as I said, within a few years, the whole world was wired. It created a momentum that continued to accelerate and in the nineties, particularly in the nineties, and the first part of the century, the first decade, we have seen globalisation intensify. Of course it's no secret today that there is a lot of anxiety about it. I want to just put this in context. This isn't the first time that globalisation has had a big question mark around it. Between the first and second world wars, globalisation speeded up and then came to a halt. After the second world war, it was very slow to restart. We have to expect that it doesn't progress in a straight line, and the reason I think is that it affects our societies very unevenly.

In my book, in my discussion of every one of the ten people I wrote about, I characterise globalisation as a double-edged sword. On balance, it is very positive in my view. On balance, it has taken the world to places it had never been before, in a good way. But it would really be, I think naïve to say.. a lot of people cannot adjust to it, they need more time or they need more resources, they need more education and the very speed at which globalisation has proceeded in the last twenty years I think has brought these problems very much to the fore. And so, just empirically, you can see that trade as a percentage of the global economy has been coming down very fast. Trade in the nineties, in the eighties and in the nineties, has grown three times faster than the global economy which meant really that, more and more that was being produced was being sent abroad, and that slowed. I'm glad it hasn't slowed in the case of Ireland, but I'm just talking globally. Banking, international banking, is at somewhat of a cross-roads. Part of it I think is because there's still a reaction to the major crisis of 2008. Institutions don't want to take risks. Part of it is a lot of regulation that has been put on it. But it would be a real mistake to take these two indicators or even some of the political trends, whether it's the election of Donald Trump or whether it's Brexit. It would be a real mistake to equate this with globalisation slowing too much or even stopping. I mean a lot of there's a lot of commentary that we're at the end of the age of globalisation - I think that would so distort the real picture. If you look at... well, first of all, historically, globalisation is-, it can't be stopped. It's kind of like water, and you may put a rock in one

place and the water is going to go around it. Secondly, it may be that trade and finance has slowed across borders, but there are a lot of things that haven't, and the trade in digital.. digital trade, for example, has increased almost forty-five times in the last ten years. But the big trade issues of tomorrow are not going to be ones that we've had before. They're really going to deal with trade over the internet. But the transmission of culture and education, and just in the school that I'm in, the Yale School of Management, in the time that I was writing this book, we concluded twenty-one alliances with foreign universities which means a massive increase in students going back and forth, professors going back and forth, research done on a global basis. If you look at technology, if you look at sort of joint ventures just in the technology area – they're booming.

So, even empirically, most globalisation hasn't slowed. I think that what's happening now actually, in the political realm, in some ways very distasteful but in other ways, it may not be so bad. It's a little sand in the gears, and if political leaders really-, I think they have to focus more on people who have gotten the short end of the stick. And if they can do that, if they can do that for a little while, if there's more retraining and there's more education and there's more adjustment, and there's a stronger social safety net for those who simply-, because there are tens of millions of people who will not be able to make it in this age of speed. If they can do that, I think we will have set a platform for a revival of globalisation in a very very kind of exuberant way.

The telegraph is really the metaphor, because nobody thought it could be done and it took four, by some measures five attempts, and then basically it opened up everything. I think that the equivalent of the telegraph today is not anything technological. I mean we'll have the Artificial Intelligence and we'll have the 3D printing and we'll have all these things we keep reading about, in spades. The real project is a more of a human one. It's making sure that the results of globalisation are more broadly spread, and it just may be that that's going to happen.

I conclude in my book with a chapter called 'The Best is yet to Come'. I looked at these ten people, I was amazed at what individuals could do. Cyrus Field may have worked with lots of different people but he was the leader of the team, and it's almost inconceivable that somebody else would have had that resilience to fail over and over and over in the eyes of the whole world. We didn't have the media we have today but there was a global media and

every failure was trumpeted all over-, certainly all over the industrialised world. But he really persisted. And the reason I'm very optimistic about the future is that I think we're going to see many more people like that, and the reason I think we'll see many more is that first of all, more people are exposed to education, there's an enormous amount of money around the world. Any good idea is immediately spread globally. And then the big thing is that the ten people I wrote about came from a handful of countries and the Cyrus Fields of tomorrow could just as easily come from the suburbs of Jakarta, or the slums of Brazil, or anyplace in the world today.

So I feel-, I'm very optimistic about globalisation and I'm very optimistic about what it will do to society because I think we're really on the verge of creating a range of leaders, and leaders and entrepreneurs from every corner of the world, not just from the usual suspects. So I think I'll stop there and I just want to say how honoured I am to be here and honoured to be associated with this event. I think that when you get that designation and I'm sure you will, it may be only the first step of explaining to the world what happened here and why it will be, why it has been so significant and why it will continue to be into the ages.

Thank you very much.