

Clement Guitton

Unlikely Allies

How Group Leadership Shapes
International Affairs in the 21st Century



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Tectum Verlag

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1 A Leadership Crisis?

The world is facing a leadership crisis, if we are to believe many news commentators. As soon as entering office, Donald Trump, the US President, withdrew from the Trans-Pacific Partnership, a trade deal that would have involved 12 countries and that took at least seven years to negotiate. He quickly followed up by withdrawing from the 2015 Paris Agreement, a climate change agreement held by many to be a historical feat that had brought 196 countries together to agree on a topic, about which, six years earlier in Copenhagen, no consensus could be found. The US, previously seen as the 'leader of the world', was now exhorting leaders to 'always put your countries' [interest] first' – as Trump worded it in a September 2017 address to the United Nations.¹ Even if the impact of Trump's words has tremendously decreased since his inauguration, when a realisation kicked in that his bark is far worse than his bite, perception still matters in politics. And the perception was clearly not one of a bright, shiny, attractive, smooth leader in action.

Other alternatives to a US leadership would appear at first sight to be disappointing. Angela Merkel, Germany's long-standing chancellor, ruling from the centre at home without following an obvious distinct ideology, has repeatedly rejected the media's willingness to call her 'leader of the free world'. She has similarly largely rejected plans to go after big ideas. Amidst this change of discourse, Xi Jinping, China's president, tried to position himself as championing free trade, not least in a speech at the well-mediatised World Economic Forum in Davos, the year of Trump's inauguration. A few months later, during the once-every-five-years national congress of the Communist Party, Xi reiterated that 'it is time for us to take centre stage in the world and to make a greater contribution to humankind'. In other words, China would like

1 The British economist Barbara Ward probably coined the phrase 'leader of the world' for the first time in an essay in *The New York Times* in November 1948.

to bring more influence to bear in geopolitics and to export its model, which has so far been a domain almost exclusively dominated by the US. That China will seek to protect their newly made \$1 trillion investments abroad (through a graphically, albeit clumsily, scheme called the 'Belt and Road Initiative') is understandable. But when the head of a still very authoritarian and policed state, with a planned economy, restricted currency flow, and high barriers of entry for foreign firms wishing to enter its domestic market, manages to pull off a bluff in presenting its country as liberal, it is a sign that something really radical might be going on.

So, if the US leadership is declining, it is a legitimate question to ask: who is replacing it? Two answers quite opposite to one another have made their way into the realm of the probable: either other countries will rise and take up the role of the leaders – take your pick from China, India, Russia, the EU, or a combination thereof – or alternatively, no one else will. Gordon Brown, the former UK Prime Minister, told *The Guardian* in an interview in September 2018 about dangers of a new financial crisis that 'there is going to have to be a severe awakening to the escalation of risks, but we are in a leaderless world'. There will be no one leading the world, in other words. For both of these options – another single leading state rising, or a leaderless world –, many op-eds, news articles, and think tank publications have come out all detailing their own supporting arguments.² Yet, this manuscript would like to offer a third alternative. That the US is leaving its seat as a leader does not mean that no other form of leadership can emerge. What about countries coming together in groups, and leading as a group, collectively? By focusing on cooperation rather than power struggles, such a theory has a definite undertone that will appeal to those more inclined towards liberalism than to realism, a school of thought slightly blunter, which ascribes a very big weight to military and economic might in order to explain how states shape their influ-

2 Listing them all would be pointless. The two very last one that came to my attention in July 2018 were an article from the respected Chatham House entitled 'America's Crisis of Leadership at Home and Abroad' (Leslie Vinjamuri) and James Dobbin, a former US Ambassador to the European Union as well as former assistant secretary of state for Europe, declaring: 'The real alternative to an American-led rules-based international order isn't successful bilateralism. It's a Chinese-led order'.

ence. A focus on these factors is not necessarily wrong when seeking to explain the dominant position of a single-country-ruling-at-the-top – hegemony, in other words. It is merely answering the wrong question. In an op-ed in the *Financial Times* in October 2018, prominent figures including Jean-Claude Trichet, a former President of the European Central Bank, wrote that ‘we need a new, more co-operative international order’. The op-ed contended that ‘the central challenge is to create a new, co-operative international order for a world that has changed irreversibly: one that is more multipolar, more decentralised in decision-making, and yet more interconnected’. This book argues that current state of world affairs has actually already begun moving in that direction.

Consider the following quotes, all by much respected and influential pundits in international relations, all of whom come from the US:

- (1) A world without U.S. primacy will be a world with more violence and disorder and less democracy and economic growth than a world where the United States continues to have more influence than any other country in shaping global affairs.
- (2) It is imperative that no Eurasian challenger emerges, capable of dominating Eurasia and thus also of challenging America.
- (3) If this is bad news for US foreign policy, it is worse news for many other countries, because America has acted for decades as the primary provider of global public goods. [...] History has shown that it's never a good idea to bet against the United States.
- (4) Because the current leading state is by far the world's most formidable military power, the chances of leadership conflict are more remote than at any time over the last two centuries.

The first quote is by Samuel P. Huntington, the second by Zbigniew Brzezinski, the third by Ian Bremmer and the fourth by William Wohlforth. They all exhibit a common two-pronged theme: that the US is ‘at the top’ and that *everybody* is better off by keeping it this way. For anyone not American – although possibly for a few Americans as well – the tone that comes across is strikingly arrogant, leading to some people dismissing the argument altogether. This perpetuates the myth that the US hegemony has been built with consent, and it has completely disregarded how the US has coerced (economically, politi-

cally, or military) a few states, especially developing countries.³ Such a stance also plays down US indifference, or even its opposition to decolonisation, as much as its questionable military interventions (for instance, in Iran, Vietnam, Cuba, Nicaragua). And as a few make the leap to argue that unipolarity with US hegemony makes the world peaceful, the idea further disregards the poor record of unipolarity in preventing conflict in the Third World. Other than arrogance, the authors should be given the benefit of the doubt that they suffer rather from a strong geographical bias. It is a natural attribution bias that one is more inclined to see wrongs in others than in ourselves; by extension, humans are less prone to accept counter-arguments either that US leadership is declining or that this may even be positive. And when discussing arguments of US leadership, it is rather astonishing to notice how much authors coalesce and piggyback on each other's work. Consider the following review from *The Economist* in 2008 about a rather influential book, *The Post-American World* by Fareed Zakaria, an oft-quoted journalist on world order:

Of the roughly three dozen or so contemporary thinkers whose ideas the author praises in the text and uses to make sense of it all, most are not just in America, but based in the north-east corridor that links Boston, New York and Washington, DC. The few exceptions have nearly all spent extensive time in these cities.

Besides the US bias, the discussion of who is 'at the top' can often feel to come from an all-boys, insecure elitist club, comparing sizes and exploits to decide who of them all should get the reward for being superior. On the other hand, those embracing liberal views are often dismissed as being fairly naïve when not weak. To be fair to the US, other countries do it too. The then Prime Minister of France, Alain Juppé, declared in 1995 that 'France can and must assert its vocation as a world power'. The underlying assumption is that confrontation and competition in a fight over control resulting in a single winner brings more benefits than other more cooperative means. Psychological trauma left by a harsh upbringing may explain such a view, or an otherwise

3 See John Ikenberry on why the US pursued multilateralism, especially that the US extracts 'loyalty and compliance from the weaker states by promising not to threaten them or exercise its power arbitrarily'.

very macho approach. (Also to be fair, statements about masculinity are often to be found within the realm of security affairs, best exemplified by, but by no means exclusively confined to, a Tweet by Donald Trump about his nuclear button being bigger than the one of the North Korean leader, Kim Jong-un.⁴) But there is an element that is constantly underplayed, in the hegemony as much as in the security literature: the one of inclusion, resulting in feelings of unfairness.

Hegemony is unstable

Until the 18th century, having one all-powerful ruler over the country, the king, was common. But it couldn't last, as feelings of unfairness meant growing discontent. Similarly, within the walls of one's own homes, the man was the leader of the family until well into the 1980s in many Western countries, and he could decide arbitrarily what was best for the household and its members.⁵ Again, this could not last: women demanded and obtained equal treatment. The overall point here is simple: non-inclusive set-ups are not built to last; they break down sooner or later. Of course, comparison between the US as hegemon in the world order and tyrants in 18th century Europe will draw criticism of being way too extreme. The US does not usually impose its will as a tyrant from the Middle Ages would have done. It is more subtle, in terms of agenda setting and negotiation leverage. It is very much noteworthy that tyranny has also become subtle nowadays. As the two authors Erica Frantz and Andrea Kendall-Taylor noted in a 2017 article of the Cold War era journal *Survival*, looking at the evolution of autocracy, 'from 1940–59, almost half of all dictatorships emerged through a *coup d'état*', but that today, the process of 'authoritarianisa-

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- 4 The exact Tweet, on Jan 2, 2018, was: 'North Korean Leader Kim Jong Un just stated that the 'Nuclear Button is on his desk at all times.' Will someone from his depleted and food starved regime please inform him that I too have a Nuclear Button, but it is a much bigger & more powerful one than his, and my Button works!'
- 5 Although the term 'the West' reads awfully for many, it refers roughly to the US, Canada, Japan, Korea, the European Union, Switzerland, Norway, Australia, New Zealand, Singapore. Alternatives are not much better between 'the Atlantic World' and the 'free world'. So, even if the Cold War has now been over for almost 30 years, I hope that my readers will forgive my use of the term.

tion' is rather through 'the gradual erosion of democratic norms and practices.' Examples in Turkey, Hungary and Poland spring to mind.

Taking the point about fairness one step further, one argument has also had a surprisingly long life within international relations, despite contravening much to common sense when applied elsewhere: the single leader argument. The analogy of one very powerful entity at the supreme echelon of a pyramidal structure fuelling a sense of unfairness and resentment should provide a challenge to common thinking. The term 'hegemon' carries much of this idea denoting single political dominance even if this has strayed further from its original meaning. Revived by the Englishman George Grote in a voluminous study of ancient Greece published in the mid-19th century, it denoted for the Greeks the leadership of a coalition of so-called city-states that voluntarily lent legitimacy to a designated leader for their protection against a clear enemy. The somewhat extended and stronger version of a state imposing its will on others with hegemony that is close to tyranny is hence more recent. Ironically, the original terminology of a 'hegemon' is much closer to the thesis of leadership than this manuscript posits and will be detailed shortly.

The notion of an all-powerful single leader at the top of an institution is a commonly accepted idea in other domains than politics. The single leader argument is also found in business – the very area where the term 'leadership' flourished in the 1970s, possibly as it had an undeniably greater marketing appeal over its competitor term 'hegemon'. In business, CEOs are also often revered. And also similarly to international relations, there are doubts about how well grounded this reverence for a CEO is. 'The myth of the miracle-working CEO', was the title of a *Financial Times* column in August 2017, explaining that 'boards [shouldn't] cling to the cult of the indispensable leader'. Basically, the impact of the CEO and his legacy can be somewhat limited. Circumstances (and luck) can account for a substantial factor when explaining whether a company thrived or died. While terrible decisions may have precipitated bankruptcy, even a 'neutral' CEO could have benefited from a positive developing environment, noted the *Financial Times*. Instead, diversity is a key element to reach goals, meaning having a board with different backgrounds, lines of specialisation, silos, and clearly-defined tasks. Michael Porter, usually called a 'management gu-

ru', also goes strongly against this myth of the super manager with its famous five force framework: he explains that industry's profit margins are constrained by five forces (threats of new entrants, threats of substitutes, power of suppliers, power of buyers, and rivalry amongst existing firms) and regardless of how good the manager is, they will not be able to realise profits much beyond the industry's average because of these forces.

Other than in international relations and business, domestic politics in liberal democracies offer a rebuttal of this myth of a single leader at the top with too much power. Sure, despots can 'get things done', especially as they don't have to spend too much time arguing with others. But the overall negative effects largely over-shadow the positive ones. Repression ensues as people grow frustrated at not being able to express their opinions and see them implemented. Divisions grow between those close to the reigning despot and those further away, rippling into instability. In the long-term, prospects are never rosy. Many Western citizens nowadays would largely value, on the other hand, diversity of opinions and the plurality of parties, even if that means passing watered-down reforms and time-consuming debates. Making compromises to reach consensus and being inclusive is now more important for stability than other factors of celerity or effectiveness.

It follows that despotism and authoritarianism are not usually terms that we associate positively with ruling types. And yet, in international relations, there is a certain reverence when discussing the all-mighty leadership of a single state, the US. Without the US leadership, the thinking seems to be going, the world is doomed to be worse off. Alternatives that come to mind don't appear as satisfying: with a world led by China or Russia, liberties would be curtailed; and no-one genuinely believes the EU could step up to that role of leader of a unipolar world. We have, however, not nearly exhausted all possibilities.

If not the US, who?

The concept of diversity now so ingrained in business practices or domestic politics is, however, not regarded with the same admiration in international relations. Discussions of multipolarity are noticeably

tainted with scepticism: without the clear leadership of the US, we wouldn't be able to be so productive, the story goes. In recent memories, after all, the US leadership has brought us the Joint Comprehensive Plan Of Action (JCPOA) against Iran's nuclear armament (which President Trump exited in 2018); the Trans-Pacific Partnership (which Trump also exited as soon as he took his first step in office); a variety of sanctions through the United Nations Security Council against North Korea; and threats of sanctions against Maduro's regime, veering into full-scale dictatorship (that the US was by far the main buyer of Venezuela's oil, constituting 95% of the government's revenue, certainly also pushed up the expectation of the US acting). The US further put up together a coalition to fight (and as of writing, about to defeat) ISIS. It is undeniable hence that their role as a leader has substance and that they have enough firepower at the moment 'to get things done'. And yet, that the US keeps the lead here and there is not the full picture; other states have also acted with a global leadership role, as the manuscript will present in the coming chapters.

That not everyone, let alone every state, supports the action of the US is at the core of politics; it is divisive. But alternatives to one single state at the top of the world order ship do not have to make us worse off. A crew governing the ship can also do it very well; the notion of a single state leader is not set in stone.

So far, many have rather seen the move away from a unipolar, hegemon-led world with regret and nostalgia. Ian Bremmer, an oft-quoted pundit on international relations who heads the political risk consultancy firm Eurasia, published in 2009 a book with the quite explicit title *Every Nation for Itself: Winners and Losers in a G-Zero World*. Bremmer's book makes it clear that the author sees the end of the US reign at the top as sad and undesired. But more importantly, Bremmer overlooks that states will come together if it is in their interest. The end of US leadership doesn't mean that we'll have no other forms of leadership (non-competitive apolarity, no state having the status of hyperpower, isn't the only option, in other words). There will not be only one hegemon, but leading states; and they will not only belong to one group but to several, reflecting their sphere of interests, and in each of these groups, there may not be a designated leader, but the group as a whole can act as one.

This is the alternative that this manuscript posits: that an alternative to this thinking of a hegemonic, unipolar world is to approach leadership in international relations as group leadership. Not all is rosy with such a system either. As vibrant democracy and businesses have shown, much energy must be spent negotiating, leveraging, and finding compromises. Different interests, different characteristics – strong and weak – in what countries can deliver, and different cultural perceptions of governance, mean that states will experience different sets of challenges, as when following a strong leader. But the consequence of accepting that equal shared leadership role at the top is possible leads to a much different conclusion than Bremmer's one. The end of US leadership leaves place not to a less stable world with top contenders fighting to fill the top job's vacuum (mostly Russia, China, the EU, and possibly India), but rather to one that is more stable.

A debated question

The idea that multipolarity leads to more stability is not new and can be rather contentious in international relations circles. A big debate has notably surrounded a theory called 'balance of power'. According to the balance of power theory, no equilibrium is achieved with hegemony; hegemons cannot stay for a very long time at the top as other states challenge it and eventually weaken it, leading to multipolarity. For some, especially neo-realists, the US is evidence that the theory doesn't hold: since 1990, it has led by far in military, technology, geopolitical, and economic power. They argue that the situation is nothing exceptional and that in the past 2,000 years of world history the periods where a hegemon has ruled have lasted for as long as when power has been balanced out with other 'states' or empires – a fifty-fifty split in other words. To their credit, the neo-realists' balance-of-power theory has been put forward with European history in mind, and that any application outside this geographic area should contain a caveat. Today's world is very different from the time when Spain was the dominant power in the 16th and 17th century, and to the time when Britain – and Napoleon after that – came to replace it. By today's standards, these powers would be rather regional, confined to Europe only. The

level of interactions on such a global and regular scale, from any country to any country, makes it hard to draw meaningful comparisons.

Critiques of the balance-of-power theory also like to point out that during the period of unipolarity, the theory predicts peace. So, in both cases, whether balance-of-power theory holds or whether it can be refuted with perpetuating unipolarity, they argue that the US military lead makes the likelihood of inter-state conflicts involving superpowers (aka market-relevant conflicts) remote anyway. Yet, even two vocal critiques of the theory, William Wohlforth (already quoted above) and Stephen Brooks concede that the US unipolarity is unlikely to remain for another ten to fifteen years, which is actually a very short time (they wrote in 1999 that it would last probably as long as the bipolarity during the Cold War). This concession – and their research through 2,000 years of world history – means that polarity is cyclical and hence not eternal.

The US decline as a power is to differentiate from its decline in leadership – and even from a world order moving away from the ‘rules-based (liberal) international order’, a much-loved wording these days. Power and leadership are not the same thing at all. Power is a highly contested concept in politics, but one useful framework is to look at it in terms of military, technology, geopolitics, and economics. Wohlforth, leading the clique concerning US-maintained hegemony, defined it as ‘decisive preponderance’ in each of these components of power, and it has become increasingly clear that this preponderance is no longer so decisive. For technology and economics, leadership and power (leverage) are more difficult to distinguish from one another; it is less so for military and geopolitics.

The sheer size of the US military ensures that they will not be dethroned any time soon from their number one position: in 2017, the US military budget was higher than the *combined* budget of the eight countries ranked right behind it, meaning China, Russia, Saudi Arabia, India, France, the UK, Japan, and Germany. But military capabilities do not mean that the US would be ready to use it, either. President Trump calling the Nato alliance ‘obsolete’ and its reluctant acknowledgment of Nato’s still-to-play role has sown much doubt about the US readiness to help another member state should it face a military con-

flict. Also, military power does not automatically translate into geopolitical power, as the 2003 Iraq war has shown.

The US also has a top place as an innovator concerning the second aspect of power, technology. Apple, Google, Microsoft, Facebook, and Amazon top the ranks of companies by market capitalisation (with a global worth of just under \$3 trillion at the end of 2017). They are all technology companies, while new disrupting technologies, from self-driving electrical cars to blockchains, are still likely to come from the US. In this area of technology, the US is hence in a power position, and it is a leader; it has demonstrated in the past fifty years or more that it has the culture and required infrastructure to support innovation. And yet, the pace of technological change means that reverses of fortune can be very quick. Facebook didn't exist 12 years ago; accessing the internet from one's phone was not popular before 2007, the year Apple launched the iPhone. Maintaining the status of technological leader, although quite likely, also has its share of uncertainty, just because of sheer numbers: already since 2007, China has notably been training three times more engineers than the US. China has also openly planned to 'dominate' artificial intelligence by 2030. That a reversal of fortunes can happen quickly is, however, nothing new. As Robert O. Paxton put it in *The New Yorker Review of Books*:

Germany dominated the world of science before 1933. Germans won fifteen Nobel Prizes in physics, chemistry, and physiology or medicine between 1918 and 1933, more than any other nation. Far from capitalizing on this major soft power asset, Hitler destroyed it by imposing ideological conformity and expelling Jewish scientists such as the talented nuclear physicist Lise Meitner. The soft power of science is fragile, as Americans may yet find out.

The two remaining areas of power are clearly, however, ones showing decline in both raw terms and leadership terms. If we distinguish geopolitics from its military component, which has already been briefly treated above, to focus on ideology, the ones championed by the US have been more in retreat than evolving: with a surge of populist movements – including in the US – questioning the well-founded benefits of globalisation, the US is failing in leading the charge to convince that liberal economics does in fact benefit everyone. Its all-powerful central bank is also failing at explaining why the traditional

monetary cycle is not functioning anymore, as low unemployment and low inflation co-existed throughout 2017, and the impact of the tapering of quantitative easing (especially on sky-rocketed stock valuations) seems undetermined. Further, although it used to be championing free competition, a recent renewal in protectionist measures has put into question their commitment to this ideology. In the meanwhile, China's 'state capitalist' model is emerging as more robust than previously thought.

Within institutions, the US is not faring very well as a leader either. In October 2017, within the same week, it went head to head with the International Monetary Fund (IMF) over its domestic proposed tax reform; it started a fight with the World Bank over its lending practice to China; it withdrew from UNESCO because of 'anti-Israel' bias (basically, because of UNESCO accepting Palestine as a member state in 2011), an organisation it has owed \$500 million to in the past six years; and threatened to withdraw from a seven-member deal with Iran on its nuclear programme that the previous US administration helped to put together (and from which it did withdraw seven months later).⁶ A few weeks before that, Trump lambasted the United Nations as 'a bloated bureaucracy'. And even earlier, in March, Trump's administration published a report making a strong suggestion to break from the World Trade Organisation's rules by re-establishing barriers and tariffs otherwise not permitted. As the State Department was facing a reduction of a third of its budget, the president of the think-tank *Council on Foreign Relations*, Richard Haas, titled Trump new-found foreign policy 'The Withdrawal Doctrine'. And there really seems to be something to it.

Some saw it coming already in 2002, as in the case of Charles Krauthammer, a Pulitzer-winning political commentator for Fox News, and a cancer-fighter (in June 2018, he announced that his doctors told

6 It also withdrew from the UN Human Rights Council in June 2018 for the same reason as for UNESCO, because of the focus of the agency's focus on Israeli abuses. That the Council also counts as members Venezuela and Congo did certainly not help with its legitimacy – but it is as much questionable whether the withdrawal of an otherwise potentially influential member would help change the situation. As *The Economist* of the week of its withdrawal summarised: 'The lesson is clear: if America truly wanted to stand with Israel and improve the UN body, it would not now join Eritrea, Iran and North Korea in refusing to take part in it.'

him he only has ‘a few weeks left to live’). Krauthammer thought that the US withdrawal from foreign affairs would come from the ‘old-fashioned isolationism of traditional conservatives, who believe that America’s national interests are never served by foreign entanglements and adventures of any kind.’ But for a long time, Krauthammer was considered wrong. In 2013, the scholar Amitav Acharya pointed that out about Krauthammer’s forecast, as Acharya had in mind George W. Bush and Barack Obama’s legacy. Trump’s presidency is showing that Krauthammer wasn’t so wrong after all.

Lastly, when it comes to economics, the most straightforward factor, US GDP as share of global GDP, has been falling from 40% in 1960, to 30% in 2000, to slightly more than 20% in 2014. It is still at the top, but China is following right behind. In the case of economics, it is less a decline of the US than a rise of everyone else, as different scholars have noted (such as Fareed Zakaria, quoted above, or the British historian at Yale University Paul Kennedy, in a much appraised book, *The Rise and Fall of the Great Powers*). In terms of raw numbers, the US still keeps the big share of the pie. Consider this impressive listing from a 2007 paper from the French scholar Bruno Tertrais, asking the question: ‘Where is American headed?’

It is a leader in economic areas such as global production (29%), GDP (USD 11 trillion) and national income (USD 9.67 trillion), energy production, meat production, cultivated farm area (430 million hectares), software production (51.2%), exporting of services, the number of domestic companies listed among the world’s 500 top-ranking companies (49.7%), market capitalisation (42%), R&D expenditures (more than one-third), the number of registered patents (51.9%), shares in the capital of the IMF, foreign direct investment stock (USD 1.6 trillion), and shares of a national currency in central bank reserves (66% of all reserves), first place for the number of Nobel Prizes received, the number of foreign students, the number of Internet servers (80% of all servers), and the most-often visited Internet websites (68%).

It is hard to see how this economic power would not translate in driving the world economy forward. And yet, factors for decline are as numerous. Consider this other list from Acharya in his book *The End of American World Order*: ‘tax cuts, current account deficits, diffusion of technology around the world, gridlock governance, doubts over US ability to pay off its debts, Moody’s downgrading of the US, growing

healthcare costs, forecasts of a debt/GDP ratio by 2016 that is over 100 percent, and the consequent doubts over the status of the dollar as a reserve currency'. The lingering doubts are hence as impressive as well. Who's right? The decline is more in relative terms than in sheer ones. It is also noteworthy that this culture of economic success is likely to continue, as it is very ingrained in US culture. Most people, whatever their nationality, aim at reaching an economic status, and then, when confronted by a promotion with the choice between earning more or rather working less, take the latter. US workers preponderantly chose the former, as the curves of productivity vs. economic well-being show.

Hence, the US *leadership* has been declining in absolute terms in geopolitics, and in relative degrees due to the rise of others in military capability and economics. That should be sufficient to try to figure out what can come next, with a variety of actors involved in leadership.

Coming in: group leadership

Merely speaking of multipolarity, however, as a next phase to the unipolar world order is unsatisfying. Even though there are several shades of multipolarity, it often largely focuses on 'big' players (e.g., Brazil, India). It accounts for a very few countries sitting at the top table. Many of the alternatives for a challenger to the US leadership appear short on legs when taken country by country: Russia has a declining population and relies heavily on gas and mere military willingness to be aggressive; India has a growing population but ancient labour practices, endemic poverty, a divisive cast system, and an infrastructure not conducive to foreign investments (weak contract law enforcement, dodgy regulators); the EU hasn't succeeded to accommodate within a single monetary and fiscal policy its strong export-oriented members with its weaker economic ones and has faced a backlash about its willingness for more integration from regions feeling disempowered by far-away-sitting faceless technocrats; Brazil has struggled to get its inflation figures in control, as much as corruption scandals and consequently political stability; and China has dangerously piled up debts, faces strong environmental degradation and pollution, an ageing population under an authoritarian regime with at times barbar-

ic responses – not exactly a moral leader. By focussing on only ‘big’ players, the myriad of other smaller states still playing an important role in displacing the whole system are being dismissed. This lacks nuance, and this is where group leadership theory comes in to fill a gap. Group leadership theory does not seek to restrict the view of leadership to only a small number of limited states. It seeks to acknowledge the role that almost any state can play in any group and where no hierarchy exists. By coming together into groups, states can achieve much.

Naturally, as the meaning of leadership is probably as much contested as the one of power and world order itself, this can add to the confusion. Two major points are usually retained, but will be contested in this monograph, to define leadership: firstly, for many, it needs to influence the behaviour of other states (the resulting consequences and execution are therefore considered); and secondly, it needs to get states to do something that they would not want to do otherwise. This latter highlights much of the core challenge about leadership – it would be way too easy otherwise, argue certain commentators, if it was just about leading a group volunteering and cheerily following. This echoes remarks by the then US President Harry S. Truman in front of the National Guard in October 1950, four months after the beginning of the Korean war. In his remarks, he lamented that only one third of the young men and women of his country were fit for combat and sought to embolden the members of the National Guard. Within that martial context, he defined leadership in a much less romantic way than a management book would tend to: ‘You know what makes leadership? It is the ability to get men to do what they don’t want to do and like it’. While enveloping the definition of ‘leadership’ with ethics is important (Hitler or Stalin were certainly great at leading other people to act but this would not entitle them to be classified as great leaders), delving into it is also fraught with many difficulties (notably how to define the ‘greater good’), and is better left aside for the moment.

So, why would yet another theory be useful? Why should anyone care about the world order? Why should businesses care?

Theory is, after all, for many, merely good as an intellectual gymnastic. Each theory tries to reduce the complexities of the world, to extract its essence, and to boil down nuances in an almost perverse, if not offensive way. The sheer size of the world means that no single unified

theory can probably encompass the creativity (and craziness) of humans across cultures, and of the organisations, state structure and others which they erect. By offering another nuance, this theory doesn't differ on this point. This theory acknowledges therefore that it certainly cannot explain everything; but it puts the emphasis on an often neglected aspect of international relations: inclusion.

The appeal of the theory is that it is inclusive and that it is not focused only on the state. It reflects the assumption that non-inclusive policies are bound to fail eventually. If this sounds wishy-washy – as inclusiveness is indeed a very trendy term bandied around at so many occasions that it has acquired a condescending air of idealism – examples abound from slavery, to women's ineligibility to vote, to exclusions of homosexuals from military units, to casting out HIV positive individuals from society. And even if the aforementioned issues are primarily domestic in nature, the same has applied in contemporary international relations, where those affected by the policies being discussed have not been included in the process. One short example – if one is needed at all – would be the revisions of the archaic rules called the International Telecommunication Regulations in 2012 in Dubai, at the World Conference on International Telecommunications. States discussed the treaty, as they are the only members formally vetted to do so. Citizens, whose privacy could be affected by the discussion, and private companies ranging from cable operators to service providers (Google, Microsoft), could only pass on their input via the diplomatic representations of their country – ultimately acting as a guardian, deciding whether to include their points or not, depending on whether the points made aligned with what the diplomats would consider to be in the 'state's interest'. This can easily be generalised. Although many 'national interests' for states are driven by trade, where companies are the main actors, companies are not primarily regarded as an actor of international relations. Realists, especially, put the emphasis on the state; they regard it as the most important institution in international relations, by far. But this is not sustainable, or, as pundits like to call it, stable. With more inclusive processes within international relations, the world order can achieve further stability, and this is what we have started seeing. Hence, the theory leads us to consider new arguments.

Probably even more importantly, and although the theory is descriptive rather than prescriptive, its conclusion should be comforting: it is conducive to a more efficient way for states to engage with one another as they take ownership of their actionable items, and it leads to less upheavals, to more 'stability' in other words (i.e., the durability of a moment, and that conflicts do not materialise although they do exist). For businesses, instability and uncertainty are not a good mix.

Many examples have recently highlighted how political instability could trigger potential losses. Let us consider two such examples from the European Union. The world order experienced a relatively small earthquake in June 2016, as the UK voted by a thin margin to exit the European Union in June 2016. As a result, many businesses were plunged into uncertainty as to what regulations constraining their business would look like, how trade agreements determining tariffs and barriers would put them at a disadvantage, or even whether they would be able to keep a sufficient workforce to keep their operations running. Amidst uncertainty, businesses would still have to take investment decisions.

Another small earthquake, but this time involving the monopoly on violence of the state, exemplified this relevance. On October 1, 2017, the Catalans held a referendum asking their population: 'Do you want Catalonia to become an independent state in the form of a republic?' The central Spanish government, following a ruling by their Constitutional Court that the referendum was breaching the constitution, sent police forces to seize ballot boxes and halt the referendum. Images of violent clashes with the police circulated widely later online, invariably with a pro-Catalan message, as Spain was responding violently to what many saw as the mere expression of democratic rights. In a few videos, old and wobbly seniors were seen thrown on the floor by the police; in others, crying middle-aged women with faces covered in blood were running away from packed rooms full of voters still not yet deterred by the use of police batons. The result of the referendum, while biased, was still very telling: more than two million (90% of the voters) answered the question with a 'yes'. The week following the violent clashes, a sense of uncertainty prevailed: what would the Catalans – Government, Parliament, and pro-movement activists – try to do? Force Madrid's hand to secede? Use the vote to leverage more conces-

sions from Madrid so that Catalonia could have more independence in decisions and resemble the Basque country more? For businesses, this was unwanted uncertainty and instability. Before the week's end, two banks, Banco de Sabadell and CaixaBank, had announced that they would move their legal headquarters away from Catalonia. 'Money and fear don't go together,' the *Financial Times* quoted a representative from CaixaBank. Were the region to break from Spain, Catalonia would also be forced to exit the Eurozone, which would put further pressure on other Eurozone members, and would threaten the business of these very banks.

Brexit and the Catalan vote are both local in nature and they both highlight different reasons for considering changes in world order. Many companies, mostly financial institutions, affected by Brexit and located in London, are international in nature. Yet, the local conditions, and especially the political atmosphere, have come to bear increasing consequences on companies' global business operations. Populist views and unwelcome messages for foreign companies have meant that these global companies have had to establish, invest and nurture a local presence reliant on local conditions. This is true for financial companies as much as it is for manufacturing, engineering companies, and a host of others.

The case of Catalonia is interesting because it is so graphic and violent: even in the West, the monopoly of force has remained with the state. It was also a strong reminder that despite trying to pull countries together under a common arch, the European Union has not been able to tame identity politics and, notably, wishes of independence. More integration, a wish from the technocrat-ruled Brussels, has not been accompanied by individual states accepting more federalism at the regional level to compensate for the perceived loss of power. Feelings of not being included, and of unfairness, have ensued – feelings already evoked earlier that do not bode well for continuity.

As mentioned, corporations care for the stability and predictability of their business environment. Highlighting trends for this business environment should hence be helpful for them (and for the economic well-being of citizens as well, under the assumptions that the benefits trickle down to them eventually too): that local matters for the global, that inclusion and perceptions of unfairness need special attention,

and that political violence, even in the West, can still have a certain relevance.

The past three decades have seen a sharp decline in inter-state conflicts, but importantly not in intra-state ones, as well as a relative absence in long-term *market relevant* conflict, especially when measured in economic terms and not only via financial markets' ups and downs. The term is sure to make the hair of many people who are especially concerned with developing countries stand on end, and it has a definite first-world-problem type of bias with it: Rwanda, Bosnia, Iraq, Afghanistan, or Syria were all human tragedies that were devastating for their local economy. Yet, the consequences for global financial markets were short-lived, and in economic terms, fairly unnoticeable. Upon announcement of the war with Iraq in 2003, US financial markets even surged on the expectation that the war would be ending quickly (the assumptions that wars are quickly waged is a recurring one in international conflict, where opponents' capabilities are systematically under-assessed). Two months after the beginning of the war, US markets had bottomed out, and six months later, they were at +27% (notably, oil prices did not have consistent behaviour, volatile in weeks leading to this very war, but at other times plunging when they could have been expected to rise during periods of conflicts with more limited flow). By contrast, 9/11 is so far the only terrorist incident with large market (financial, and arguably, economic) repercussions. In line with this form of political violence, terrorist lone wolf attacks using knives or cars since 2014 have sowed fear to some extent that anyone could be indiscriminately targeted. But they have also highlighted the desperate nature of the terrorists' attempts, which have not made most share price curves really bulge.

Naturally, any uncertainty has also another side; they also represent a source of opportunities. Consider this conclusion from numbers put together by the data website 'TheAtlas.com', under the caption 'Number of start-ups by region valued at or above \$1 billion since 2010': between 2010 and 2013, the very big bulk of new companies valued at \$1 billion or above came from the US; by mid-2016, half came from China, and a quarter from Europe. Spotting large changes in dynamics – it almost goes without saying – can bring rewards.

The dawn of group leadership has been signalled before. While the Second World War was still raging, 26 governments came together and signed officially, on January 1, 1942 the 'Declaration of the United Nations'. The Declaration expressed many times how the countries would be working for a 'common interest', towards 'common ends', sharing 'common responsibilities', with a 'common plan' of action. The 'group' came to grow from there on, accepting more and more members, and achieving somewhat concrete results.

Fifty five years later, a seminal book was mentioning a form of group leadership in terms that were still vague and rather conceptual, pointing out that its pinnacle still hadn't come; *The Grand Chessboard*, by former US National Security Advisor Zbigniew Brzezinski. The book, whose title is representative of realism, depicted states going head-to-head against one another, finished however with a prescient note on what can be regarded as the dawn of group leadership:

These efforts [of improving the human condition] will have the added historical advantage of benefiting from the new web of global linkages that is growing exponentially outside the more traditional nation-state system. [...] In the course of the next several decades, a functioning structure of global cooperation, based on geopolitical realities, could thus emerge and gradually assume the mantle of the world's current "regent," which has for the time being assumed the burden of responsibility for world stability and peace. Geostrategic success in that cause would represent a fitting legacy of America's role as the first, only, and last truly global superpower.

Other hints can be found here and there. Some, such as the French scholar Bruno Tétrais, saw 'volunteer coalitions' in the 1991 Gulf War or even in the 1999 Kosovo intervention. Similarly, a memoir by a former disillusioned British diplomat, Carne Ross, published in 2007, also evokes group leadership with, again, a certain idealistic wishful undertone:

The cliché of contemporary discussion of international affairs is a cliché for a reason: more and more of our problems are transnational in nature, and do not lend themselves to solution by individual states but only by collective action. Terrorism is one, but so are disease (SARS, bird flu), global warming and migration. To deal with these issues, the traditional calculus of identifying one country's interests, then arbitrating these with other countries, makes little sense. The causes of these problems are complex, and their solutions require detailed, long-term and collective action.

So, has the time for group leadership yet come? Further advances in concepts and examples of practice suggest that it has.

Related concepts

A few recent approaches have already embroidered a similar picture, with a focus on networked structures. Network theories seek to explain how connections are formed and have consequences. But they have failed to explain how, and if at all possible, a group of equals can lead; empirically, as the manuscript will show, there have been several examples of groups of states coming together and leading together. Network theories elaborate on the long tradition of liberal theories. Liberal theories have put the accent on two prerequisites for cooperation: common interest and low barriers (political, economic or otherwise) to start cooperating. These two pre-requisites still hold, but cooperation does not have to sit at the opposite end of the affinity-adversity spectrum between states. In this sense, network theory changes the way to approach relations.

Anne-Marie Slaughter, President of the think tank New America, a well renowned scholar of international relations and a former member of the State Secretary under Hillary Clinton for two years, has put forward one such theory in her book *The Chess-Board and the Web*. Instead of approaching relations in terms of state-to-state relations, Slaughter has focused on connections between people, across several layers (judges, legislators, regulators, and bureaucrats, for instance), and where sociability prevails over the ill-defined self-interests of states. Hence, power is derived in terms of ‘connectedness’, which means ‘the number, type, and location of connections a node has’. A direct consequence of more connectedness – as argued by Ian Goldin and Mike Mariathassan in *The Butterfly Effect* – is a higher complexity and an increased number of systemic risks, as connectivity allows ripple effects to propagate through the network, should the risk materialise. The other side of the coin is that connectivity also allows the absorbance of shock, as the scholar Mauro F. Guillén, in his book *The Architecture of Collapse*, has convincingly shown. His point is that complexity in the network contributes to shock-diffusing dynamics, while

complexity in the nodes with checks-and-balances, as regards the states and their regulatory frameworks, say, contribute to dealing effectively with shocks.

A large advantage of seeing states' relations through the prism of networks is – as much as with group theory – to move beyond confrontations. A direct consequence is hence that international cooperation will intensify and not diminish, as, for instance, the *Global Trends*, a publication from the US National Intelligence Council coming out every four years, posited in its latest issue of January 2017. Confrontation locks people in positions that their ego prevents them from breaking away from, and henceforth creates deadlocks. A network (or group) representation is fairly innovative when one thinks that the almost-ubiquitous form of representation of international relations is as a game of chess. Even a proponent of 'soft power' (as opposed to 'hard' military and economic power) like Joseph Nye sees the structure of the world order as a 'complex three-dimensional chess game', where one layer is military power, another one economic power, and the last one encompasses the interactions of non-state actors. In a chess-like approach, there is a winner and loser. Fighting for territory and staging wars, as in the well-known board game *Risk*, is a zero-sum game; the loss of one team is a win for the opponent. Fortunately, not all state-on-state relations are like this.

In the case of trade, for instance, the country allowed to export into a country without barriers will bring much value to the *importing* country (with potentially cheaper goods, consumers have more choices, and this can motivate local competition to become more innovative to stay competitive). Famously, Trump has campaigned vociferously on the assumption that the trade deficit with Mexico, Germany or China (these countries exporting a lot more goods to the US than the US export to these countries) was a sign that trade agreements were 'rigged' in their favour. As counter-intuitive as this may be – and anyone pretending to have a high IQ should grasp it easily – the face-value of a trade deficit does not allow direct conclusions to be drawn without looking into the details of the economic value brought by the trade relations.

A chess-board approach, favoured by realists, is in the end as naïve as how realists look upon proponents of stability in cooperation, inter-

national institutions and norms. A better analogy than a chess-board game for international relations would therefore be either a game of bridge (where players come together to face different players), reflecting the alliance-based nature of the relations, or, reflecting that it's not all about the sharing of limited resources, *The Ungame*, where players have to answer personal psychological questions such as 'What are the four most important things in your life?' in order to be able to move forward in the game.

With network theory, instead of confrontations, solutions are brought in the form of 'changing the connections between people', not in forms of incentives and disincentives as the traditional allies vs. adversaries view bring it. By creating a network and peer groups, a sense of belonging emerges along with peer pressure – which explains why environments functioning this way are more efficient.

Group theory also features this sense of belonging and adds another one: internalising the goals and owning responsibility to achieve them, driven by intrinsic motivation – the strongest form of motivation. The solutions are brought by constituting closed groups with clearly identified members and with no clearly designated hierarchical leaders; all countries contribute to the leadership. This is a key structural difference to network theory. Group theory sees states interacting through overlapping alliances, more as in a Venn diagram than as a Facebook page drawing virtual edges between you and your panoply of contacts. The core tenets of group leadership explain its efficiency – and that it is inherently inclusive explains that it should lead to 'stability'. Just before jumping into it, it is worth mentioning that a series of research projects has led to the conclusion that group leadership is indeed more efficient, and this has been observed in a variety of contexts: since the mid-90s, studies have looked at its use in US college sports teams, Canadian winter road teams or at large US automotive manufacturing plants. The names given are heteroclitic, ranging from 'shared leadership', to 'self-managed', 'emergent', 'dispersed', 'distributed', 'common', 'democratic', 'participation' or 'informal' (and each have their own slight variation). And the challenge is visible from the start: it is a theory that has had a predominant regional bias – namely the Northern American continent – and that has not focused on the state level. Can the efficiency fleshed out in these studies trickle down to the state?

Agencies within state affairs are generally regulated by people under psychological well-known effects, but not exclusively. Bureaucratic processes, institutional norms and group dynamics can all have an effect on hindering or inducing the theory to be applied at the state level, and for international relations too. On a human level, intrinsic motivation is much longer lasting and much more intensive than anything that is based on a 'carrot and stick' model. Many studies have shown how autonomy and independence contribute to much better results than if a task was done because an authoritarian figure demanded it. For most readers, this will make intuitive sense. Projects we undertake by ourselves mean that we automatically believe in their goals and in their legitimacy. The institutional and group level is more complex and better illustrated with an example of group theory in international relations.

In 2009, in Copenhagen, several countries' leaders had failed to reach any sort of agreement concerning climate change. The public and newspapers called it a disastrous situation. But six years later, in Paris, thirty-six thousand people attended another follow-up summit, and 196 states succeeded in agreeing to commit to reductions, leading to a possible limitation of temperature increases up to 1.5°C. Not much was binding in the treaty, but amazingly, within less than a year, the treaty could enter into force. It needed countries accounting for 55% of total emissions to ratify it. Between 2009 and 2015, a change in mentality had happened: the narrative changed from one of making sacrifices to one of seizing (business) opportunities in renewables. This had created a sizable shift in capital; as Maria Ivanova, a scholar at the University of Massachusetts, noted, 'for the first time in history, in 2015 developing countries' investments in renewable energy, excluding large hydropower projects, surpassed the same investment made by developed countries'. And consequently, countries – especially Canada, the US, and China – had changed their 'obstructionist' attitude to a more facilitating one. Countries didn't want to be seen as unwilling. What is further remarkable and of highest interest for this manuscript is the range of actors that Ivanova described as providing leadership in reaching the agreement: India led a coalition of 121 countries on 'the International Solar Alliance', the Marshall Islands led a movement to remove the distinction between developing and developed countries,

Peru initiated the ‘non-state actor zone for climate action’, China and the US had already announced bilateral agreements in 2014, while France, the United Nations Framework Convention on Climate Change (UNFCCC) and the UN Secretary General offered ‘unprecedented leadership’. Further exemplifying this united effort is the reaction to the US wish under Trump to withdraw from the agreement. Tellingly, ‘no one government can stop progress’, said Canada’s (liberal) environment minister, Catherine McKenna, when reflecting upon the US government announcement to wish to withdraw from the Paris Agreement.

That so many entities managed to come and work together is not usual and goes against many deeply grounded theories of politics and bureaucracies. One such theories is the turf war theory of the late 19th century German scholar, Max Weber: separate organisational entities working on similar goals feel threatened by one another and are inclined to vociferously wage turf wars in order to show that they are needed, and even more needed than the other entities. Anyone who has spent some time within any organisation, whether that be a private company or a public sector agency, will have stories about low blow exchanges by different units that contributed to making the working environment miserable and prevented the achievement of common goals. The more the unit felt its existence threatened, the more aggressive it usually reacted against other units perceived as competitors for mandate, budget, and even leadership.

Another theory against which group theory could seem a priori to contravene, is the need for a leader in any movement in order for it to succeed. Contra-examples are also plenty. The ‘Occupy Wall Street’ movement started in September 2011 (or for that matter, the different ‘Occupy’ movements which then sparked from it) is one such example: for almost two months, activists lived on the streets to protest against social and economic equalities. The movement explicitly refused to designate a leader or prominent spokesperson with whom discussions could occur. After the police cleared up the street, the movement faded away and achieved close to nothing. In a separate case, the same year, in a country far away and with little parallel, Egyptian citizens were also successful in ousting Hosni Mubarak; and yet, the quest for an opposition leader couldn’t yield any result. Youth groups, originally the

impetus group for protests, could not agree and *de facto* let the older generation deal with finding a veteran opposition leader. In turn, this couldn't find much approval amongst the larger public. The resulting outcome is unlikely to match youth groups' aspirations when they started the protests. This means that the group theory in international relations is far from being given and it is necessary to wade through management theory as much as political theory to find further meaningful conceptual backing.

Lastly, a short note on denomination is also warranted before progressing to the rest of the book. Simple country names and certain generalisations are used, when there is in fact a wide range of actors with dissenting views within one country. When one refers to India, it is understandable that one can feel uneasy that not all 1.3 billion Indians think the same way. Even within a country, a government can have starkly different opinions than the chambers of parliament, even in the US. As President Trump repeatedly expressed respect for Vladimir Putin, for example, Congress was emphasising at the same time the different interests of the two countries. Citizens of any country might feel offended that certain complexities are not reflected when one speaks of the US, China or Russia as one monolith, a pinching irony when one thinks that the manuscript seeks to bring a nuance within the spectrum of world order theories. The classical argument to defend against the use of what can come across as gross cultural stereotypes is that one speaks of (more or less democratically) elected institutions representing the majority of the country. And if they fail the legitimacy litmus test, at least they hold the rein of power (in a traditional realist sense). But another very practical argument explains this simplification: studying macro effects is disjointed compared to looking at the micro. The world of life sciences offers a poignant comparison. Those studying biological cells and delving into genomes try as much to understand the question of where humans come from as those looking into astrophysics, black holes, and light waves. Bringing the two together is possible, but will inevitably result in simplification on each side. When looking at macro factors shaping international relations, similarly, only the most preponderant conclusions of the micro levels can be used. Hopefully, the reader will excuse the author for his arro-

gance in overlooking certain actors and power struggles at the micro and macro levels.

The manuscript is organised to move along the lines of global issues that also reflect lines of national interests: climate change, economic opportunities and security. The last two chapters will highlight the pitfalls of using the theory to predict the future, and will attempt to sketch what the consequences of the theory are.

2 The Theory

At the height of the 2007–2008 financial crisis, countries sought a convenient location and vehicle within which to meet and discuss. Many venues were already available, from the International Monetary Fund to the United Nations, but this did not completely fit country leaders' requirements. Instead, heads of states opted to meet within the framework of the G20. The G20 had already been in existence since 1999, following the financial crisis caused by Russia defaulting on its sovereign bonds. The 1999 crisis brought together finance ministers and central bank governors. What was so appealing about the G20 was its informality: the G20 does not have a secretariat – and the usually bloated bureaucracy that comes with it – protocols to accept or kick members out, convoluted voting procedures, or a charter. The informality of meetings, especially in these times of crisis, was welcome.

The G20 is naturally more inclusive than its cousins, the G7, the G8 (in existence up until 2014, when Russia both voluntarily left and was kicked out by the other members following the invasion in Ukraine), the G10 (with the quirk of having eleven members), or the G15 (meeting until 2012). Also, amusingly – albeit a tad awkwardly for the G7 countries – Russia has remained a member of the G20. With so many different group summits, it would hence appear legitimate to think that some are becoming redundant and useless. Or, as the former NATO secretary general Javier Solana put it in the *Times of Malta*, 'holding a G8 summit just before a G20 summit, as happened in Canada this June [2010], simply serves to prolong the maintenance of separate clubs, which is unsustainable'.

But is it really unsustainable? The core thesis of this book is that we will see more of this model, not less, of informal meet-ups, countries coming together, leading together as a group, and disbanding when it suits them.

What is 'group leadership'?

Group leadership is an old idea. As the Second World War was brewing in Europe in 1938, with ideologically led movements harshly excluding part of the population, two psychologists hired in the unlikely department of 'Child Welfare' sketched an article that became seminal on the topic of group leadership within management studies. Kurt Lewin, born and raised as a Jew in the then Prussia, emigrated to the US a few months after Hitler had become chancellor and his party had been declared the only permitted party in Germany. In the US he met Ronald Lipitt, with whom he co-wrote 'An Experimental Approach to the Study of Autocracy and Democracy: A Preliminary Note'. The 'note' explained research that the two psychologists had conducted by taking groups of five-to-10-year-olds and asking them a simple task: to create theatrical masks that would belong to the group, with only one mask being created at a time. The researchers did not divide the children into groups, but sought to look at whether the children's interaction with one another could fall into one of two categories: one 'authoritarian', and one 'democratic'. They concluded that 'autocratic' groups had more tensions, whereas 'democratic' ones showed more co-operation, 'more occurrences of praise and expressions of friendliness', more stability, and more feelings of 'we-ness'. Also:

Twice in the autocratic group a situation arose where the group combined its aggression against one individual, making him a scapegoat. In both cases the scapegoat quit the group. No such lack of harmony existed in the democratic group.

Their article set the stage for 'democratic leadership', where the group would rely on decisions made by the group as a whole, with an 'active involvement' of group members. These two components – group decision and members taking on the responsibility for their goal – constitute the core of group leadership. The other component for the theory in international relations is a common overall goal bringing countries together and which they agree to tackle – dissension on how to tackle it will occur within the group but it will not subvert the definition. In a somewhat academically more formal way, this would give way to such a definition: group leadership describes the willingness of states to tackle a specific issue by coming together, by offering contributions

that serve the overall goal pursued by the group, and where the group takes decisions in a concerted manner, relying on each state's propositions and implementations thereof.

The closest visual representation we have of it would be with Venn diagrams where different shapes – and not only circles – intersect with one another. Each shape can represent a country's interest and how much it shares affinity with another country without entirely aligning. The latter point is important: these are not 'blocs' of countries like during the Cold War, where alignment was put at the forefront of national security, and in some cases, of national survival; the circles are instead much more flexible and volatile to change. Contacts (in terms of trade, common agendas, information exchanged) between countries are constant enough to warrant not considering them as distinct 'blocs'. The common area shared by the two shapes can evolve over time and is also fairly fluid. The countries do not need to cede part of their power or even to agree on shared norms and values; in a much more restrictive fashion, only the goal needs to be common.

For those seeking to locate such a definition within a more theoretical framework, it has some elements of liberalism and constructivism without being either of these. Liberalists emphasise cooperation (and in this sense, embrace globalisation as fostering it), institutions, and democracy. All three are present in this very theory too. As liberalism puts the onus on institutions, it further highlights the sense of community that they provide. It considers that interactions between different countries – at any level, from student exchanges to business-to-business deals – improve mutual understanding, make citizens of other countries appear less as 'other', and hence reduce the risk of coming head to head. Group leadership theory, in a way, also gives to interactions an important part but does not put the onus on institutions in the traditional sense, with a bricks-and-mortar headquarters and a full bureaucracy supporting it. The institution would rather be understood in the form of an organisation defined by the root of the word: members agreeing on an organised plan to follow in order to reach a goal. Also, as much as liberalism does, group leadership theory pays much attention to democratic values. Here again, however, a caveat is warranted. While liberalism understands this as heeding domestic demo-

cratic forces, group leadership theory understands it as a form of inclusive participation with equal weight.

On the other hand, constructivism, an influential paradigm within international relations borrowed from sociology, understands 'structures' slightly differently than realism or liberalism. It seeks to heed the practice and processes that shape institutions while also looking at the ties that actors have to one another. In this particular sense, group leadership theory pays as much attention to these three factors. This is needed in order to look at whether group members participate in fairly equal fashion, and whether group members regard inputs from different stakeholders as also being on an equal footing.

The reader may have noticed the lack of the use of the word 'order'. Liberals, realists, and constructivists have vastly different understanding of it. For realists, the focus is on the distribution of hard power amongst states; for liberals, it is rather linked to institutions and to values such as democracy and human rights; for constructivists, it is merely a contested word whose definition someone will give and that will reflect, in their eyes, the winner of this game. The rest of the manuscript will endeavour to speak of 'global affairs' rather than to pin down what such an order might be (hence, as well, why the book does not deal directly with the debate around the 'rules-based international order').

Within this context, two further main points concerning the definition are noteworthy. First, leadership is not understood similar to one within a military context – the definition by Truman is hence not the one to take as a reference here. Typically, physical coercion and corporal punishment are defining traits of military leadership; this is much less so within the subtle world of international affairs. Coercion, when present between countries, is notably not direct but more in the form of carrot-and-stick ('if you do not do that, this will ensue'). This explains why a digression from military-focused definition is sensible. Second, the definition avoids pinning down the meaning of 'leadership' and settles for 'decisions'. There is a big discrepancy between the two but as the rest of the text will highlight, 'leadership' is a throw-it-everywhere polysemic word with much myth associated with its evocation of great generals on their horses, à la Napoleon and Wellington, inspiring troops to victory.

Within international relations, this can almost sound a bit like a fairy tale: countries coming together if they agree on an overall goal to pursue, and simply ignoring the group otherwise. It doesn't capture either conflicts or goals or more difficult situations of negotiations occurring when one country tries to win over another one either by cajoling or by pressuring it. But other theories are similarly not all encompassing – as mentioned in the introduction, they would fail to account for one major event or another. This would only be part of the criticisms. Other criticisms of group leadership theory should also be addressed before delving into arguments in its favour.

Concerns: incentives, game theory, and tragedy of the commons

Many international scholars are convinced that 'democracies are simply not destined to ally with each other as a matter of course' – as Charles A. Kupchan, professor at Georgetown University, writes in his book *No One's World*. Kupchan takes the example of the USA and India to highlight his point:

India has been a democracy since it became independent in 1947, but it spent most of the Cold War aligned with the Soviet Union. To be sure, times have changed, and India and the United States have for the better part of a decade been building closer strategic and economic ties. But the convergence is primarily a function of a shared interest in checking the power in China.

And yet, his point is also a perfect fit for group theory. India and the US do come together in defence questions, especially since 2017, which has seen the US shifting from a close ally role with India's arch-enemy, Pakistan, to one favouring India. The 'strategic partnership' between the US and India is one of cooperation and not within a formal alliance. The alliance does not seek to 'overturn the global order', as Alyssa Ayres put it in *Foreign Affairs* in October 2017. It is merely shared goals translated into shared approaches. Kupchan's blunt point may be that they do not ally with each other *all the time*, which again, would actually fit the theory pretty squarely: when interests meet, becoming allies follows, otherwise it doesn't. This may be a hard selling point when many are so pessimistic about the way ahead with existing

alliances: the European Union is facing hurdle after hurdle following Brexit, the Catalonia independence vote, the reluctance of new members to adopt the euro, and stalled banking reforms seeking more integration; the North America Free Trade Agreement (NAFTA) as much as the North Atlantic Treaty Organisation (NATO) have been thrown into question; the African Union has called for massive withdrawal from the International Criminal Court (early 2017); and in Asia, China is running the show by splashing money around (with its 'Belt and Road Initiative' notably) and flexing muscles when it comes to the South China Sea. Yet, this general pessimism misses the mark, as the numerous other cases presented in the next chapters will highlight.

The definition, and the reference to *democratic* leadership, suggests that countries have an equal weighting in the group. In practice, how can it be possible that countries with different market sizes or military power can be regarded as equal within a group? If Switzerland and the USA are both part of a group, wouldn't the firing power of the USA automatically mean that they have more of a leadership role, if not a more influential role at least, hence negating the idea of a diffused leadership throughout the group? Group theory does not hold that the contribution of countries needs to be equal; merely that that the decision process is equal and that countries need to own responsibility for their contribution. Influence within the group is less defined by the extent with which a country could reach the final goal on its own than with its actual capability to deliver the results it promised.

The question of weight and country size is inscribed in this chess logic of seeing motivation (or deterrence) through the lens of carrots and sticks: a country can bend the will of another country if it provides enough incentives or disincentives to do so.

Such pressure and leveraging is, after all, common. Take, for instance, China boycotting the South Korean conglomerate Lotte in 2017, barring Korean pop bands from performing within China, as well as encouraging Chinese tourists not to spend money in Korea. The bullying treatment could have cost the South Korean economy the equivalent of 0.5% of its GDP, or \$76bn, according to the Hyundai Research Institute. Such a treatment from China came amidst growing tensions with North Korea in the summer of 2017. During that time, the graphic 'fire-and-fury' promises of Trump make much to remem-

ber – or maybe even more memorable was his tweet of November 11, 2017, while on a five-country Asia tour:

Why would Kim Jong-un insult me by calling me “old,” when I would NEVER call him “short and fat?” Oh well, I try so hard to be his friend – and maybe someday that will happen!

The Chinese boycott was also to punish South Korea for having accepted the request to host an anti-missile system provided by the US and known as THAAD, or Terminal High Altitude Area Defence. The Chinese feared that the radar mounted on the defence system could monitor Chinese military movement beyond the Korean border.

Yet, while it is common to portray confrontations this way, this vision of incentives as carrots and sticks is old school when it comes to individuals. And if it is old school for individuals, could it be the same when it comes to our approach to international relations? As individuals form the basis of state institutions – artificial intelligence hasn’t quite replaced us yet – there is a good chance that these arguments translate to state affairs as well.

As much as with group management theory, theories about incentives and disincentives go back to the 1950s at least. Harry F. Harlow, a psychologist interested in studying primates, published then, with his newly married (second) wife Margaret Kuenne Harlow, and with a colleague, Donald R. Meyer, the results of an experiment that challenged the status quo.⁷ The researchers gave primates a simple puzzle necessitating three steps to solve. They left the primates with the puzzle, did not teach them anything, nor did they direct them in completing the task. By themselves, though, the primates got interested in solving the puzzle, and succeeded. As the researchers put it then, ‘solutions did not lead to food, water, or sex gratification’. What motivated the monkeys to solve the task was not incentives or disincentives, but the sheer performance of the task. Even more puzzling was also that when given incentives in the form of raisins, the monkeys performed worse by making more errors and being less quick: ‘When money is used as an external reward for some activity, the subjects lose intrinsic interest for the activity’, the researchers wrote.

7 Harry F. Harlow, Margaret Kuenne Harlow & Donald R. Meyer, 1950. ‘Learning motivated by a manipulation drive’, *Journal of Experimental Psychology* 40 (2):228.

Many different experiments have replicated and confirmed these findings. In another one worth mentioning, probably the most cited article in the motivation literature, the researchers picked on school children.⁸ They looked for children with a keen interest in drawing and divided them into three groups. In the first group, the researchers asked the children if they wanted to get a certificate for which they would have to draw. In the second group, the researchers asked the children to draw and ‘unexpectedly’ rewarded them with a certificate at the end. In the third group, the researchers simply let the children draw. Two weeks, later, the researchers brought the children into groups again together and asked them to draw – without any mention of any rewards. This time, the children in the first group showed clearly much less interest in drawing. The reward had led the children to lose their intrinsic motivation in the task.

The results are now somewhat intuitive. As the successful author Daniel Pink puts it in his book *Drive*, ‘pay your son to take out the trash and you’re pretty much guaranteed the kid will never do it again for free’. He continues, ‘what’s more, once the initial money buzz tapers off, you’ll likely have to increase the payment to continue compliance’. If such incentives work somewhat for algorithmic tasks, such as taking the bin out, this is even less the case for heuristic ones, tasks involving creativity to solve novel problems – the type of tasks that people within international affairs try to tackle. Recently, examples from Wikipedia, to other free software projects (Linux, Apache) have highlighted how these motivational mechanisms could work not only at a family level but could genuinely span the globe. For non-routine work, be it in politics or in software development, inherent interest in reaching a solution is crucial. Again, humans shape structures and processes. This inherent interest and willingness should be a major factor when looking at evolution in international affairs and in how countries come together.

This is far from given, especially when so many scholars approach international relations with a different mindset, even at the more liberal end of the spectrum. Francis Fukuyama is one such scholar, for ex-

8 Mark Lepper, David Greene, and Robert Nisbett, 1973. ‘Undermining Children’s Intrinsic Interest with Extrinsic Rewards: A Test of the ‘Overjustification’ Hypothesis’, *Journal of Personality and Social Psychology* 28 (1):129.

ample. He rose to prominence in 1989 when he wrote an article in the US magazine *National Interest* provocatively titled ‘The End of History?’ The article posited that the end of *ideological* battles had happened, with liberalism the clear winner. A few years later, in a different work, Fukuyama wrote about *The Origin of Political Order* and identified three key characteristics for institutions to constitute political order: the state, rule of law, and mechanisms of accountability. Group theory appears to violate two of these three rules: the state does not have to be the main actor, and more importantly, the rule of law, already somewhat longwinded at the international level, with questionable enforcement mechanisms, does not fit the move away from the traditional incentive-disincentive picture that this monograph is trying to present.

Naturally, certain states will mistrust each other and will have pre-conceived fears of what cooperation could lead to, even if they share common goals. These states will just avoid being part of the same circle, as two people who dislike each other might try to cross the street to avoid meeting each other on the pavement. Not all states fear each other, though. As Slaughter has repeatedly pointed out, networks of judges, police enforcement agencies and other bureaucrats holding public offices do cooperate across borders and play a role in shaping international relations. They are already hence part of a circle of at least two members, if not even larger.

Three last concerns need addressing. According to the German theorist Max Weber, when two units or organisations go after the same goal, they compete for resources, importance, and in the end, for their existence. Turf wars in any type of organisations lead to similar results: competition, far from nurturing the best in people, can foster an ‘us vs. them’ type of thinking. People become snappy, embittered, ambience deteriorates, and goals become more difficult to achieve as commitments falter. Could the same dynamic occur not only between teams but within a team? Traditional team management would hold that it would be the leader’s role to re-establish the balance if conflicts within the group flare up. But without any designated leader, who is left with that role of soothing internal tensions? As you’ll probably have guessed by now, the answer is: every member can take up that role. Of course, this requires a certain maturity to keep the goal and one’s interest in

the cooperation in mind, and this will not happen without frictions. But it is not as fluffy as it may sound either.

In June 2017, Saudi Arabia, the United Arab Emirates, Bahrain, and Egypt closed all land, air and sea transport to Qatar; they also expelled Qataris from their countries. Officially, the Saudis argued that Qatar was funding Islam-related-terrorism. Less officially, it seems to have been rather about Saudi Arabia trying to beef up its influence and bring its neighbours in line against its Cold War era enemy, Iran. Pushing Qatar to cease its support to the Muslim Brotherhood may have been a reason for Egypt to jump on board. The Arab countries issued 13 demands to Qatar, including shutting down the Al Jazeera news network, closing a Turkish military base, and, unexpectedly, scaling down their ties with Iran. Interestingly, Saudi Arabia, the United Arab Emirates, Bahrain and Qatar are all part of a six-country club with a common market and which once had the project of a common currency – the Gulf Cooperation Council (GCC). The crisis created split lines within the Council and other members did not just simply wait and watch. In line with group leadership theory, not only the involved parties were looking for a solution but other parts of the group were, too. Kuwaiti diplomats, for instance, with the help of the US, managed behind closed doors to get the involved countries to soften their position. The next Council meeting, due to be hosted in December 2017 in Kuwait, was put off by six months to offer more time for the crisis to be resolved. As the situation progressed, albeit at a slow pace, the same level of resolve from the Council's members might be expected.

The second concern to be addressed is defection when cooperating. In 1950, two researchers, Merrill Flood and Melvin Dresher, at a famous think tank, RAND Corporation, were looking into nuclear war and possible cooperation. They came up with a game with two players and four possible outcomes: either both players cooperated, either one of them defected, or the two of them defected. One of their mathematician colleagues put a twist into it to make it more appealing to the audience, and it became known as 'the prisoner's dilemma', which gave rise to hundreds of thousands of studies on variations of the game. In the game, two people are arrested and put in different cells. They can snitch on each other and reach a lesser sentence, not talk and benefit

only if the other also doesn't talk, or not talk but end up with a really miserable sentence if their partner does talk.

Over the years, the prisoner's dilemma has been plugged into many situations, reducing many variables to this simple form of 'game'. For instance, the Cuban nuclear missile crisis of 1962 went under many microscopes but the outcome didn't fit the model. The Soviet Union was upset that the US was deploying ballistic missiles in Turkey and Italy and consequently agreed to Cuba's request to deploy Soviet nuclear missiles in Cuba to prevent attempts by the US to invade the island. When the US realised that it would have nuclear missiles on its doorstep, it put into a place a naval blockade to prevent the material from reaching the island. The Soviet Union retorted that a naval blockade was a declaration of war under international law. The outcome of such a face-off should have been, according to the version of the prisoner's dilemma, that both countries would go to war with each other – which they didn't. Via diplomacy, the US and the Soviet Union diffused the situation. The US agreed to remove its missiles from Turkey and Italy, the Soviet Union to do so in Cuba as well, and the US pledged not to invade Cuba unless provoked. To explain the outcome, other models could be used, most famously the chicken one taken from the 1955 movie *Rebel Without a Cause*. Two drivers direct their cars towards a cliff; the first to swerve and hence to chicken out, loses. If both swerve, the dishonour is not as great, and the worst outcome is if none swerves and they both die.

These games from game theory (and there are many more variations changing the rules of the game – as many as the number of participants) are useful intermediaries to help to think about the tragedy of the commons, externalities, and free riders. Garrett Hardin, a US ecologist and philosopher, coined this term 'tragedy of the commons' in 1968. A typical example of it is when farmers leave their herd to overgraze common land. Each farmer will benefit from it, up until the point when no one will anymore. Another typical example would be that any fishers in an area benefit from fishing as much as possible, but taken all together, their individual decisions will deplete the ocean's resources and would have a terrible outcome. Despite what game theory might suggest, several studies have pointed out that people tend to cooperate and are willing to contribute to the commons. Free riders,

those only taking the benefits without chipping in, are only a minority. In one seminal study, two researchers (who clearly noted that ‘neither of [them] is a trained economist’) were asked across twelve experiments to split resources for the group or for themselves. Overwhelmingly, the participants allocated between 40 and 60% of their resources to the common good, contradicting the free rider hypothesis. Interestingly, though, one group allocated a much lower amount than that: economic students did so on average with only 20% of the resources.⁹ Such studies seem to suggest that cooperation between individuals is more natural than realists would put it for the state level. Furthermore, group identity can foster such cooperation, given that members who have already met will meet again (otherwise defecting becomes more attractive) and have information about their past behaviour – which, for states, are all realistic assumptions to have.¹⁰ The book will delve more into these points when looking at food and water security, where common fears do not find echoes in research results: cooperation is the prevalent case when food and water are scarce resources. The bottom line is hence that there is much room to challenge predictions of outcomes from game theory and from fears of free riders.

There is a last concern as to group leadership theory in international relations: is it really leadership if everyone leads?

Leadership

A short answer to the above question is that our perception of ‘leadership’ is a construct; to make sense of the term, we need to break from the brazen use of the word in the everyday corporate environment.

One argument that would lend credence to a negative answer to the above question is an oft-quoted passage from Plato about a ship analogy. Plato, via the voice of Socrates, asks his reader to imagine a

9 Gerald Marwell and Ruth E. Ames, 1981. ‘Economists free ride, does anyone else?’, *Journal of Public Economics*, 15:295–310. See as well, Robert H. Frank, Thomas Gilovich, and Dennis T. Regan, 1993. ‘Does Studying Economics Inhibit Cooperation?’, *Journal of Economic Perspectives*, 7 (2):159–171.

10 For an excellent overview, see Peter Kollock, 1998. ‘Social Dilemmas: The Anatomy of Cooperation’, *Annual Review of Sociology*, 24:183–214.

physically strong captain whose crew keep quarrelling to replace him. The crew ‘never learned the art of navigation and cannot say that anyone ever taught it them, or that they spend any time studying it; indeed they say it can’t be taught and are ready to murder anyone who says it can’. The crew admired captains with hands-on experience and were dismissive of anyone with their heads in the sky. They didn’t know that a ‘true navigator must study the seasons of the year, the sky, the stars, the winds’ and more to be successful in steering the boat on course. Plato uses the analogy to demonstrate the relevance of knowledge (and philosophy), and to refute to some extent democracy: expert knowledge is necessary even if the general public refuses to accept it (as recent waves of anti-expert populist movement in elections have highlighted). The argument can, however, be spun on its head in favour of group theory. Because of the vast complexity of issues addressed in international relations, there is a need to combine different expert opinions tackling diverse aspects of the same issue. No expert needs to be hierarchically organised on top of others; they can all be on the same level. Anyone with the best knowledge, skills, and predispositions to accomplish a task supporting the achievement of an overarching goal can take the ‘lead’ for the task.

The point about knowledge expertise only provides a partial answer to the question. Commonly, we think that we need for leadership: a leader, followers, and a context conducive to it. If everyone leads, a legitimate question is: who are the followers?

There has been much nonsense written about leadership, so much so that it is understandable if people clam up at the mere mention of it. Definitions opposing it to management and glorifying its status are countless. And often, they do not align with one of the strongest movement in social sciences since the 1990s: constructivism. Constructivism holds that stories we tell reflect linguistic constructs and are the outcome of competing narratives. The dominant narrative does not constitute any truth per se, but merely reflects that certain actors have been successful in imposing the interpretation or angle of a story as the dominant one.

A few of the readers may have been involved in fights at school in their wild young years. As two kids battle, there is no referee counting the number of punches and kicks that successfully land on each oppo-

nent. There is similarly no scientific or traceable method to declare who won, and often this is highly unclear. When no broken nose, no bleeding eyebrows and no knockout have occurred – possible graphic and potent signals – how is the ‘winner’ determined? School kids talk then, a lot. And the one declared ‘winner’ will not be the one who’s shown the best techniques but the one who’s been able to shape the narrative so as to take the praise. It is an act of powerful persuasion, not of powerful physical violence.

Something similar to the aftermath of a school fight occurs each time we try to pin down why one person is a leader and another is not. This has less to do with the evasive characteristics of leaders as with constructing a coherent and, most importantly, persuasive, narrative of a series of actions. This is of primary importance when trying to answer who follows whom: accordingly, no one may genuinely follow anyone and only linguistic gimmicks have convinced us that our perception was correct. Consequently, traditional charismatic ‘leaders’ have seen their share of characteristics probably vastly exaggerated: courage, authority, creativity, boldness and decisiveness may belong more to the myth than we’d like to admit. Sex and romantic appeal has often ensued from this overly positive picture of leaders. In fact, a few authors even go as far as positing that the term ‘leadership’ is a ‘euphemistic usage’ for seduction.¹¹ These authors note that ‘seduction includes leadership: seduction means to lead (astray); to mis-lead [mis: badly, wrongly]. Seduction is leadership gone wrong’. On the other hand, ‘leadership includes seduction: to lead is to attract and stimulate, to overcome. Thus, to seduce is to lead wrongly, and it seems that to lead is to seduce rightly’. They conclude that this underlying sexuality has always been present in the term usage, which suggests as well our keen interest in the topic.

There is also a sad realisation of why we have turned to the concept of ‘leadership’ with so much effervescence: to deflect our own responsibility. Two authors of an article eloquently describe the reason behind this deflection:

11 Marta B. Calás, Linda Smircich, ‘Voicing Seduction to Silence Leadership’, *Organization Studies*, 12 (4):567–301.

[W]hen members of a group are faced with uncertainty and ambiguity regarding direction, they often report experiencing feelings of anxiety, helplessness, discomfort, disappointment, hostility, and fear of failure. Frightened by these emerging emotions and impulses, which are ordinarily held in check by absorption into the prevailing social system, they collude, largely unconsciously, to dispel them by projecting them onto 'leadership' or the 'leader' role.¹²

Here again, our utmost human basic needs can explain interest in 'leadership'; not sexuality, but this time, our necessary experience as an infant and then as a child to have been taken care of completely by our parents, without a conscious effort on our part. Concepts of 'leadership' bring back, unconsciously, memories of such happy times of in-souciance. In case you doubt it, consider the following.

In the midst of the Euro-crisis in November 2011, while Greece was looking for ways to restructure its debt and fears that the Eurozone could break up were tangibly rising, the then Polish Foreign Minister Radosław Sikorski, made a seemingly passionate call to Germany. The then German finance minister, Wolfgang Schäuble, had refused to let the European Central Bank act as a 'lender of last resort' while Angela Merkel had ruled out deploying euro-bonds. In France as much as in Germany, the public was still enraged that taxpayers' money had ended up bailing out banks despite the banks' bad behaviour. Also, the Greek debt crisis was coming after Spain and Ireland had become distressed, and the European Central Bank had already initiated a \$100 billion a month bond buying program (quantitative easing) while cutting interest rates. In this context, Sikorski gave a speech in Berlin at the German Council on Foreign Relations, a think tank:

I demand of Germany that, for its own sake and for ours, it help the Eurozone survive and prosper. Nobody else can do it. I will probably be the first Polish foreign minister in history to say this, but here it is: *I fear German power less than I am beginning to fear its inactivity*. You have become Europe's indispensable nation. You may not fail to lead: not dominate, but to lead in reform [emphasis in original].

His call for leadership from Germany did not fall on deaf ears, making the front page of the *Financial Times* the following day. Poland was

12 Gary Gemmill, Judith Oakley, 1992. 'Leadership: An Alienating Social Myth?', *Human Relations*, 45 (2):113–139.

part of a clear group, namely the Eurozone group. Poland's desperate call for more German 'leadership' raises the uncomfortable question of whether the country had also exhausted all the options it could from its side to salvage itself – before resorting to others to do so. The troika – the European Commission, the European Central Bank, and the International Monetary Fund – along with the governments of the concerned countries (prominently, Greece) – were the key actors to solve the crisis. This is not the place to delve into the complicated intricacies of the European Union's processes (during the crisis or even during 'normal' times) with its numerous power struggles. Nor to dwell on the past and on responsibilities – for instance on the insistence of Germany, along with France, in 2003 to *not* have a strong enforcement mechanism for a budget deficit rising above the ceiling of 3% of GDP. The different 'packages' discussed by the European Union during the crisis have made it in any case rather incomprehensible – consider this list put together by two Economist writers, John Peet and Anton La Guardia, in their book *Unhappy Union*: 'six-pack, two-pack, fiscal compact, Euro plus Pact, European semester, annual growth survey, excessive deficit procedure, macroeconomic imbalances procedure, "contractual arrangements" for reform, and much more'.

Still, in a very rudimentary fashion, this highlighted that there is another way to look at the leadership question during the crisis. A lot of actors other than Germany played a crucial role in putting into the question the desperate call of the Polish Foreign Minister to Germany.

The European Central Bank operates with one vote per council member, and decisions usually require only a simple majority. The European Central Bank intervened to save the euro currency, rattled by the Greek crisis, with its €500 billion bail-out fund, the 'rudiments of a banking union', as *the Economist* called it, and its promise to engage in massive quantitative easing should it be necessary. As the promise was made, panic on the markets subsidised; the pinnacle of the crisis had been reached. The International Monetary Fund also agreed to take on a part of Greek's public debt but still required the Greek government to consolidate their fiscal deficit. Lastly, within the Council of Ministers (an organ bringing together ministers and in charge of preparing legislation), changes in voting majority that came into force in 2014 meant that Germany held a majority at 16%; but

other coalitions could offset this advantage. Poland holds a bit less than half of the Germans' vote share. The Germans did not function as a monolith either: a programme of the European Central Bank, the Out-right Monetary Transactions, met resistance from the German central bank's president, Jens Weidmann, when the German government supported it.

Yes, the Germans still played their part as well. Two months following Sikorski's speech, 25 of 27 EU states signed a pact for stricter budget discipline, following a German model. As Germany was stepping in, much criticism arose, however. Germany's focus on austerity measures was highly controversial and against Keynesian thinking (where more public spending would drive inflation, re-boot the economy, and effectively decrease the euro-denominated debt). The lack of empirical evidence for such an approach and the number of studies proving that it was misleading meant that Germany came under excruciating criticism – until it reversed slightly course only in 2017, increased its spending and started reducing its abnormally high fiscal surplus.

In short, not everything fell on German shoulders; and when Germany leads, as much as when it doesn't, the country is decried. That may explain the country's emphasis of leadership as a whole group when Angela Merkel visited Poland in 2018: 'The future of Europe is dear to my heart — and that means the Europe of 27 member states, and not a Europe of the Eurozone or some other group'.

Polish Foreign Minister Sikorski's call to Germany is to be understood within a broader trend around personal responsibility. This broader trend, as uncomfortable to admit as it is, can explain the recent timing of the surge of interest in 'leadership'. After the Second World War, there was a movement to own one's action and a sense that deflecting responsibility for one's own action onto peer pressure was morally insufficient. Hannah Arendt's essay *Personal Responsibility under Dictatorship*, published in 1964, was central in this debate. Arendt rejected the depiction of a Nazi officer, Adolf Eichmann, as a monster; this depiction, she argued, helped make him a scapegoat and contributed to individuals evading the burden of their own moral responsibility. Those who supported the regime chose to do so – to which her critiques charged that she was blaming victims for collaborating. And

yes, she was. She quoted in her essay another author, Mary McCarthy: 'If somebody points a gun at you and says, "Kill your friend or I will kill you," he is *tempting* you, that is all. Those who chose not to support the regime preferred death or a future where they did not have to live with the knowledge that they had committed atrocities.

A generation later, this feeling of being responsible for one's own fate and actions has arguably declined. In a way, this context can explain why discussions of 'leadership' picked up, especially in the mid-eighties through to the mid-nineties. Keith Grint, a scholar who has spent much time on the topic, once said that there were roughly, in the 1980s, 'five articles a day published on leadership in the English language; by the 1990s this had doubled to ten a day'.¹³ Ironically and paradoxically, talking more and more about leadership would hence mean that we increasingly try to deflect our own responsibility, which would mean that we collectively try to move away from leadership. This could give credence to supporters of the idea that our state of international affairs is now a leaderless one, or is at least moving that way.

But as we've seen with constructivism, context is key to explain how we perceive leadership. This is further the case in two separate ways. Context may lead to requiring an exercise in authority (say, because no one else is willing to step up to take decisions); and context can also mean that any exercise of authority by one 'leader' will have virtually no consequences, positive or negative. This dichotomy can be confusing, and merits investigation.

Beginning with the latter and with an example: in 2010, Sebastián Piñera was elected President of Chile. He benefited from some good economic conjecture with high copper prices, Chile's main export accounting to nearly half of its export revenues. His successor, Michelle Bachelet, inherited a much different picture, with constantly falling copper prices (at one point half of what they were during Piñera's government) putting downward pressure on the Chilean economy, on her fiscal policies, and in turn, on her approval ratings. Many CEOs of large corporations may find themselves in the same seat as Piñera:

13 Keith Grint, 1997. *Leadership: classical, contemporary, and critical approaches*, Oxford, New York: Oxford University Press.

with the overall economy under a tailwind, they could find themselves in a similarly very good seat, where the company would be doing very well even without any management decisions from the board. Naturally, this school of thinking – that the CEOs' decisions, coming with a very large pay check for the executives, do not exert much of an influence when considered in the greater scheme of things – is very unpopular amongst top management who like to value their own work. And also naturally, CEOs could end up in a similar situation to Bachelet – in which case, attribution biases dictate that they are this time much more likely to point out the role of fortune to explain the poor performance of the company. Many in the US might share this point of view about top managers already: a 2013 survey by the Pew Research Center asked people which professions, out of 10, 'contribute "a lot" to society's well-being'. Business executives came up ninth, right before lawyers, while the military, teachers, and medical doctors took the top spots.

As mentioned earlier, explanations of leadership that focus on the great quality of the leader overstress such importance, and may miss the point, namely that certain situations require it. This has less to do with a leader-follower type of dichotomy hence, but with the situation per se. Because of pre-conditions, or because a crisis erupted, a person may be pushed to take decisions, ultimately fostering construction of the person as a leader. This was the case with Warren Buffet when he declared himself to have won the 'ovary lottery' by being born male and in the US; this was the case with George W. Bush when he initiated the war in Afghanistan in 2001 after 9/11; or again, this was the case with Carles Puigdemont, the de facto leader of the independence movement in Catalonia.¹⁴ The decision-makers were there when the crisis occurred, requiring their 'leadership' and contributing to their elevation to a status above an ordinary manager, head of state, or decision maker.

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- 14 Puigdemont's case is somewhat less known than Buffet or Bush and may need a short explanation. Catalonia was cornered after a 2010 ruling from Spain's Constitutional Court. The ruling curtailed part of the 2006 Statute of Autonomy of Catalonia. Puigdemont, then President of Catalonia from January 2016, called that year for a referendum, which eventually took place with clashes with police in September 2017.

The three arguments we have just seen – leadership as a construct, as a shift of responsibility, and as irrelevant when compared with global environment – build up towards stating that the question of ‘who leads whom if everyone leads’ is extremely misleading. Instead, accepting that leadership is constructed, it appears that there is room for another theory, in which the main narrative would be that everyone plays an equal role, taking up their responsibilities and navigating through the global environment with the necessary modesty required.

Advantages of group leadership theory

We need to acknowledge early on that such a form of ‘leadership’ may not be welcome, or equally accepted, in all types of organisation; culture plays a role as well. For instance, it is rather common for Swedish executives to seek to build consensus in an egalitarian way before taking an important decision. Italians and US organisations tend, on the other hand, to follow more a model of a centralised command-and-control decision structure. This also means that the theory of group leadership, whether in the context of international relations or of decision-taking within a private company, is already likely to encounter more resistance from people immersed in a culture where expectations of steep hierarchy are strong.

This group theory form of approach in ‘leadership’, however, has several advantages, some of which have already been touched upon when discussing motivation. In short, it results in people becoming more motivated, more efficient, and as they take responsibility for the work, this motivation and efficiency is also more sustainable than with other traditional forms of ‘leadership’. A nice poem by the ancient Chinese philosopher Lao Tzu (Plato’s elder by circa 150 years) sums this up nicely:

A leader is best
When people barely know he exists
Not so good when people obey and acclaim him
Worse when they despise him
But of a good leader, who talks little,
When his work is done, his aim fulfilled,

They will say:
We did it ourselves.

From a pure management perspective, a last argument to consider in favour of group leadership is that strong leaders can demotivate other members of the group from contributing. Instead of drawing on everyone's strength, a figure perceived as too strong can create a climate not conducive to building on every member's strength. Most notably, some people are introverts – even up to one third of the population, according to some commentators. Introverts do not participate in meetings as extroverts would: they are quieter, favouring one-on-one discussions as opposed to group-wide ones; they need time to think, to prepare, and more importantly, to build up the courage to share their thoughts. While extroverts think out loud and are comfortable engaging in pushing for half-baked ideas, introverts would rather just keep their counsel. In meetings, this means that introverts need to be given pre-reading material and an agenda in order for their participation to be as valuable as possible.

If this argument applies for people working in a group, this may very well translate to countries too. A 'shy' country may decline to participate for the very good reason already evoked earlier – one of responsibility: why do it when one knows that a larger, more prominent, 'power' will fill the shoes of the leader role anyway? But informal settings can boost their participation. In the context of G-meetings, so-called 'sherpas' – a usually non-elected high ranking government official close to the minister – discuss behind closed-doors preparatory meetings not only the agendas of the upcoming summit but also the final joint statement. They tease out where compromise can be reached and where positions can be softened. Sherpas do not have the final say, but will know their minister's preference well enough to speak in their name. This setting is arguably much more suitable for countries that are more uncertain about the weight of their contribution to global issues.

This brings us to consider a couple of arguments in favour of group theory from the perspective of international relations, and to start with the ominous focus on 'big' powers. The number of books and articles looking at the potential of a physical conflict between the US and China has seen a rise recently, comparable to the trite literature

on ‘leadership’ in the 80–90s. The argument is simple: the US will fight not to be dethroned by China, and China will fight for a place at the top. The excitement of looking into the topic is understandable: the sheer destruction potential that images of a conflict involving the powerful US and Chinese militaries evoke raises up this excitement. Such a conflict would certainly re-shape international affairs by strongly shaking up the status quo.

The problem with a focus on large power is that it does not take into account how other changes in smaller countries’ international relations with one another can add up to the point of representing global shifts as meaningful at the global scale. As already argued, there are other ways to think about leadership in international relations than in terms of who sits at the top.

Paying attention to the multilateralism of other non-Western states will highlight these further nuances. The soup of acronyms is suggestive that these states aren’t sitting completely idle: BRICS, OAS, AL, ASEAN, ECOWAS, GCC, SADC, SCO, AU, EAEG. In plain text English, that is: Brazil Russian India China South Africa, Organisation of Arab States, Arab League, Association of Southeast Asian Nations, Economic Community of West African States, Gulf Cooperation Council, Southern African Development Community, Shanghai Cooperation Organisation, Arab Union, and the East Asia Economic Caucus. Naturally, we’d have to look at the details of each of these circles to assess to what extent these groups are bringing about change. But also, the aforementioned list is naturally not comprehensive and it would be misleading to merely dismiss them *ab initio*, which a focus on large countries as ‘leaders’ of the world order does.

As the acronym soup further suggests, countries *do* join circles to work together, a picture that is a world apart from the head-to-head chess game that realists like to describe. The monograph has been so far unfair to Francis Fukuyama, the author of the article and of the book *The End of History* (he dropped the question mark between the publication of the article and of the book). In his other much-publicised book, *The Origin of Political Order*, Fukuyama cites individual natural (or biological, as he calls them) characteristics as drivers of international relations, notably humans’ natural ‘reciprocal altruism’. In other words, we humans are selfish and go after our self-interest, but

we also like to hang out in groups and take care of one another. In a way, this is strongly reminiscent of Plato's description of humans as 'political animals'. (Fukuyama further argues that humans have an innate propensity to create norms, and to have recourse to violence – not only for economic gain but for recognition as well.) This is also reminiscent of another influential definition within political science, the one of the 'political' as a distinction of groupings between 'friends' and 'enemies'. Politics is, at its core, divisive; but it also attracts similar thinkers together. Such a definition of the political is slightly controversial, less for the definition itself but because of the man who brought it, Carl Schmitt. In 1932, Schmitt published his seminal essay *The Concept of the Political* while in Germany and stayed there during the Second World War. More than just residing there, he joined the Nazi party one year after publishing his essay, partook in book burnings, and received several appointments, including one by Hermann Göring as 'State Councillor of Prussia' and one as professor in Berlin, teaching legal philosophy in line with the then currently forming autocratic state. That aside, the definition remains potent and gives strength to group leadership theory: groups will form, some facing each other in an adversarial manner, others merely to advance an otherwise neglected agenda.

Fukuyama's reciprocal altruism tends to be lacking in other forms of approach to world order and leadership, but can account for much in group leadership theory. Furthermore, and especially when looking at non-formal settings of groups, or international groups meeting outside a rigid institutional framework, states do not have to be the only actors present at the discussion table. There has been a notable paradox in the international relations literature. Although a consensus seems to have emerged (putting the realist school of thought aside) that non-state actors, ranging from international terrorist groups à la al Qaeda or the Islamic State to multinational corporations from Facebook to General Electric, have grown in importance in shaping the international political agenda, theory has remained quiet on giving them a share of the pie. Group leadership theory presents the advantage to be adaptive and not to constrain the type of actors being part of the group. It brings in alignment the observation that companies and non-governmental organisations play an important role in shaping the

world, that their decisions should not be left out of the political process, and that solving problems through involving such organisations can also ensure a certain efficiency.

Lastly, the theory puts an emphasis on the great flexibility that states seek, and it reflects this flexibility. The case of the G8 is informative in this regard. In February 2014, Russia invaded a part of Ukraine, Crimea – Russia did not regard it as such, but rather argued that the military intervention was necessary to ensure that the result of a referendum during which Crimeans voted to be part of Russia would be respected. During that year, Russia had the presidency of the G8. This has importance: as the G8 operated without a secretariat, this meant that the country with the presidency would not only host the meeting, but would also be largely in charge of setting the agenda. But a month following the invasion of Crimea, the rest of the members of the G8 declared:

This Group came together because of shared beliefs and shared responsibilities. Russia's actions in recent weeks are not consistent with them. Under these circumstances, we will not participate in the planned Sochi Summit. We will suspend our participation in the G-8 until Russia changes course and the environment comes back to where the G-8 is able to have a meaningful discussion and will meet again in G-7 format at the same time as planned, in June 2014, in Brussels, to discuss the broad agenda we have together.

To which the then-10 year Foreign Minister, deeply loyal to Putin, Sergei Lavrov, responded that the 'G8 is an informal club', adding that 'no one hands out membership cards and no one can be kicked out of it'. Both sides' comments highlight the nature of these groups. Politics changes, as does the shape of circles within it. States do not need to align on every point to be within the same circle but the circle needs to follow a similar goal. When at least one side feels that this is no longer a good fit, it can leave, easily. Interestingly, in the case of the G8, both sides decided that it was no longer a good fit – although Russia's statement may have been only to save face. After this, the remaining members of the G8, who were all members of the G7, kept meeting within the framework of this really-not-so-different group-of-seven. This change of circles of 'friends' or enemies is clearly independent of institutions. Another example of this arose again recently. French President Emmanuel Macron called the last 2018 G7 summit a G6+1 summit be-

cause of the US stance on protectionism and trade tariffs. Again, this shows how alliances evolve, and how the group could still survive without the US. The arrogance of the US to think that it can bully the world (in this case, with trade tariffs) and that the world would miss it when it is gone is spectacularly clear.

This sort of flexibility that the G8/G7/G6+1 illustrate may not happen in otherwise established institutions. Within any institution, much coordination is required, occurring through a well-sitting bureaucracy. Bureaucracy is the bread and butter of organisations, not solving problems, or discussing issues. Bureaucracy, while following a purpose for checks and balances, brings inherent barriers, making it harder to solve the issue at stake. A famous quote from the former US President Ronald Reagan comes to mind:

No government ever voluntarily reduces itself in size. Government programs, once launched, never disappear. Actually, a government bureau is the nearest thing to eternal life we'll ever see on this earth!

Amy Zegart, a famous author, elaborates on this in *The Atlantic* with much punch:

Whenever a crisis hits, the natural response is to add a new organization and stir. But if today's chief challenge is developing coherent, coordinated policy in the face of complexity, creating more organizations to coordinate doesn't get you very far. Over time, the whole bureaucratic universe just keeps growing bigger, filled with obsolete organizations alongside new organizations; fragmented jurisdictions, overlapping jurisdictions, and unclear jurisdictions; and silos so specialized that nobody can see across all the key issues easily.

On top of that, joining an institution means formalising an alliance, making it potentially more difficult to leave. One needs to pledge money, and as in a divorce, upon leaving, one has to settle the bill, often reluctantly.

Yet, countries do not need to set up organisations to work together. Going further, they do not need the level of commitment associated with formally joining an organisation to work *efficiently* together. A corollary of low barriers of entry is, however, that it is also easier to leave. The inherent motivation associated with the task at hand may compensate for this, at least in theory.

Changing alliances is not only a theoretical point by any means. As Trump lambasted Mexico on immigration, pushing for the country to pay for a wall along the US border, and on trade, the country started looking elsewhere for close partners early in Trump's presidency. While renegotiations of the North Atlantic Free Trade Agreements (NAFTA) were under way, reports came out that Mexico was looking to closely partner with other Latin America countries. The nature of the deal would be different than the one with the US, but it did not have to be less beneficial for the country. Argentina delivered wheat, Chile apples, and China other goods, as part of the Trans-Pacific Partnership (TPP). Mexican tomatoes, avocados and broccoli, which used to find their way to the US, could find new landing stations elsewhere.

Changing alliances does not have to be for the better, either. Allegations that North Korean hackers teamed up with Iran to launch cyber attacks, as a British intelligence official quoted in *The New York Times* in October 2017 seemed to believe, would not be a welcome development. Group leadership theory, while inherently more moral because it is more inclusive than an autocratic view of leadership, is not completely perfect either. It does not have to be; it merely reflects our human nature.

Wrapping up the theory

The complexity of our world makes it impossible for any one individual to tackle large challenges on their own. Zegart, quoted above, has a funny story that serves to illustrate this point. The invention of pilot checklists occurred following the 1935 crash of a bomber bearing the flashy name of 'Flying Fortress'. After the crash, investigators concluded that the problem had not stemmed from the machine but from a human error. During the take-off, the pilot had forgotten to unlock the rudder – a piece of metal allowing the steering of the aircraft. This memory gap was, however, understandable: the 'Flying Fortress' was too complicated, or as a journalist later put it, 'too much an airplane for one man to fly'.

The same can be true with the complexity of today's world, with its many actors, from states to companies, and with networked, rising

threats from terrorism to cyber security to climate change. This means that no one state can handle it all, let alone lead it all. But as a group, where everyone leads, tackling such tasks becomes doable. Empirical evidence supports this – and we will start by looking at this in regard to what concerns a threat to our very human existence: climate change.

3 Climate Change

Paris Agreement, G8, G20

On December 10, 2015, the Paris Conference on climate change had only two days left to go. A list published by the United Nations counted more than thirty-six thousand participants. In one of the halls of the conference, many people gathered and started a chant: ‘1.5 to stay alive’. The chant was rhythmic and catchy; its message, however, echoed the dread of millions.

Six months earlier, in July and in the warmth of the Paris summer, Tony de Brum had gone to have drinks with fourteen other ministers, including representatives from Colombia, from the Caribbean and from Pacific islands. De Brum had turned 70 this year, and with grey hair and spectacles, he embodied the distinct look of the diplomat. As Foreign Secretary of the Marshall Islands, he had to. De Brum was concerned. The 70,000 inhabitant island community he represented would be wiped out should the Earth’s temperature rise by 2°C. Countries had submitted their intended nationally determined contributions (something they had agreed to do voluntarily only since the 2013 climate conference, and which the Paris Agreement had turned into a mandatory requirement). Summing up the contributions didn’t return good figures. Even at best, this would mean that the earth was heading for a 3°C rise in temperature, according to Thoriq Ibrahim, environment and energy minister of the Maldives. Another piece of research produced by The Climate Action Tracker concluded that even if countries followed their policy to the letter, this would probably lead to a warming of over 2°C.

In Paris, De Brum told the other ministers about islanders back home who would come together and build a makeshift wall in front of their homes. The wall would regularly break under the pressure of the rising seas, and sewage as well. Streets would get flooded with both seawater and raw sewage. More personally, de Brum had also had a

boat washed up within a metre of his living room by a storm. This was by far not the worst that he had ever eye-witnessed.

When he was nine, in March 1954, he once went fishing with his grandfather. As his grandfather was throwing the fishing net, a bomb exploded. More than three hundred kilometres away, the US had detonated a nuclear device – one thousand times more destructive than the US had dropped in Japan a decade earlier. De Brum and his grandfather saw the ‘silent bright flash’ – as he would later describe it – and felt the force of the shockwave. ‘Everything turned red: the ocean, the fish, the sky, and my grandfather’s net’, De Brum recalled. This was only one of 67 nuclear tests that the US would be conducting in the Marshall Islands between 1946 and 1958, and which would shape de Brum’s desire to fight for the environment. (The US is still using the Marshall Islands in the field of nuclear weapons: they have recently installed a \$1 billion radar system to detect missiles launched by North Korea; should the island go under water, so would this system.)

In Paris, De Brum’s idea was that all fifteen ministers, including himself, would act as a ‘mosquito fleet’. They would all approach various countries bilaterally, and ‘bite them in a nice way’ to make them aware of the life-threatening fate of the islands. De Brum’s idea was successful by certain standards, but not by all.

The call from the informal-around-drinks minister meeting took up the name of ‘high ambition coalition’ and lived up to their name. The coalition grew in importance and bridged the divide between developed and developing countries, usually facing each other off in a game of ‘who’s to blame for climate change’. It rallied 79 African countries, islands in the Pacific and the Caribbean, the US and the EU, but could not include China and India.

Two different groups also picked up the idea of a limit at 1.5°C and simultaneously pushed for it. The Alliance of Small Island States (AOSIS), made up of 39 countries (plus five observers), including the Marshall Islands, first made the call publicly on the opening day of the Paris conference, on November 30, 2015. Shortly afterwards, the Climate Vulnerable Forum (CVF), a second group of 43 members, put out a statement – the ‘Manila-Paris Declaration’, from the name of the capital of the chair-country at that time – that they had agreed to ‘lead

processes to help trigger increased commitments from all countries for urgent progress towards the goal of below 1.5°C [of warming].

By the time the conference began, 106 countries had aligned with this target. However, the final Paris Accord was less stringent. The Accord reads that the parties will aim at 'holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change'.

Setting and reaching the 2°C limit could already be quite an achievement, not short of saving the planet and the human species from catastrophic events, according to the scientific consensus. If the Earth was to warm up a further 2°C, huge storms, cyclones, and unpredictable weather would make life much more difficult for millions, if not billions of people. But this is not the worst aspect. Following a 2°C warmer Earth, we may reach a tipping point, where the Earth would start warming itself up. Before that, there is a window where we can act to reverse the trend and cool off the Earth; after the tipping point has been reached, we may not be able to influence the course of events anymore. According to De Brum though, a 2°C cap would still not be enough to save many islands and their inhabitants.

Putting aside the vague mention of 'pre-industrial levels', and despite the limit of 1.5°C finding its way into the final document, the emphasis is strongly on the 2°C limit. This matters a great deal. Most of the Paris Agreement is non-binding and relies on the normative impact that the Agreement will have in shaping people's opinions, wills, and policies. Two years following the Agreement, there were indications that the 2°C ceiling was the one being followed. On December 11, 2017, the US oil giant Exxon released a somewhat surprising communiqué. The company's board had for years refused to look into or issue reports on the impacts of climate change for the company. Its communiqué made public that the company will 'enhance disclosures', notably to 'include energy demand sensitivities, implications of two degree Celsius scenarios, and positioning for a lower-carbon future'.

Another case concerned lawsuits filed on the basis of the Paris Agreement. Greenpeace, along with another activist organisation called Nature and Youth, has sued the Norwegian government on the

basis that it has breached the Paris Agreement and its constitutional obligation to preserve the environment, as it issued 10 new licences to 11 companies for oil exploration in 2016 in the Arctic. As *The Economist* noted on November 2, 2017:

Their case rests not on local harms, for example to wildlife or water quality, but on the contribution any oil extracted will make to global warming which, under the Paris accord of 2015, Norway and 195 other countries have pledged to keep to “well below” 2°C compared with pre-industrial times.

The group lost the case and was ordered to pay \$71,000. The court found that the Norwegian government neither made administrative mistakes as they launched the licensing round nor breached the constitution. Possibly to the plaintiff's consolation, new oil findings have been so far unsuccessful.

There are many further hints that the 1.5°C limit is not being mentioned as much as the 2°C – for instance in pop culture – thereby hampering its normative effect. John Oliver is an English comedian who hosts a much-watched talk show in the US. Oliver, when discussing the withdrawal of the US from the Paris Agreement in June 2015, explained at length why the 2°C limit was so important. Although he was as funny as usual, he made absolutely no mention of the 1.5°C limit.

Furthermore, another intriguing question is whether the 1.5°C limit would really be sufficient. As a geography scholar in England, Simon L. Lewis, noted in *Nature* in April 2016, that ‘[m]ost impact studies and future-scenario analyses focus on 2 °C and higher’, but that the ‘global research community has shockingly little to say on the probable impacts of a 1.5 °C rise’. This means that the scientific community has also been focusing on the norm of a 2°C rise – and not on a 1.5°C one. On the other side, this also means that contrary to De Brum's expectations that a 2°C limit is not going to be sufficient to save his island and a few others, the scientific community is actually not settled that a 1.5°C would do either.

De Brum was thrilled when the 1.5°C made it to the Paris Agreement. He could be proud to have succeeded in raising the profile of the cause for the islands. During the final day of the talks, leaders of the High Ambition Coalition entered the room wearing coconut leaves to symbolise their solidarity with islands such as the Marshall Islands. On

December 12, 2015, as the conference was closing, he tweeted: ‘We have made history today. With this agreement I can go back home to my people and say we now have a pathway to survival’. But De Brum may have not seen how the 1.5°C was not being taken up as the norm. In a double tragedy, he died in August 2017, only ten days after the convenor of the ‘High Ambition Coalition’ also passed away, his fellow citizen Mattlan Zackhras.

By De Brum’s death, the 1.5°C norm was not completely in sight. The 2°C mention has had, however, a longer history. It didn’t just magically pop up during the Paris negotiations. Already in 2009 in Copenhagen, the very first article of the then agreement made mention of it:

To achieve the ultimate objective of the Convention to stabilize greenhouse gas concentration in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system, we shall, recognizing the scientific view that the increase in global temperature should be below 2 degrees Celsius, on the basis of equity and in the context of sustainable development, enhance our long-term cooperative action to combat climate change.

This is naturally very diplomatic and convoluted language. Many critiques held the Copenhagen Accord to be a failure, especially as countries did not manage to make binding points. This is also the case for what concerned the 2°C then – and for the 2015 Paris Agreement. Furthermore, and of interest for the group leadership theory, is what Ross Garnaut, an economics professor at the Australian National University, has argued. According to Garnaut, yet another specific group of countries was behind the move of limiting temperature rise to no more than 2°C above pre-industrial levels: the G20.¹⁵

A bit of history: the US and climate change

The Paris Agreement is currently in force. The requirement was that countries, which were responsible for 55% of all emissions ratified it. This happened surprisingly fast, by 4 November 2016, less than a year

15 “*The G20 and International Cooperation on Climate Change*.” In *The G20 Summit at Five: Time for Strategic Leadership*, edited by Kemal Derviş and Peter Drysdale, 223–45. Washington, DC: *Brookings Institution*, 2014.

after the Paris conference. By comparison, the 1997 Kyoto Protocol came into force only in 2005, although it entailed the same 55% ratification limit as the Paris one to trigger implementation. Not all countries had expressed their will to become party to the Paris Agreement right after the end of the conference. Uzbekistan, Nicaragua, and Syria, for instance, joined only in 2017 – after the US pulled out, leaving the US as the only country not part of it.¹⁶

The US push-back on climate initiative had not always been the case, but this was not entirely new either. During the G8 summit of 2005, the US changed their position from sceptical to supportive. Prior to the summit, George Bush was still reluctant to accept that human beings induced climate change. While the summit was taking place in Scotland (Gleneagles), terror bombings occurred in London, killing fifty-two and injuring another 700 (this became known as the 7/7 bombings). This may have been important in triggering the change in Bush policy: Bush had to be careful, even conciliatory, with the rest of the G8, as he needed their help and cooperation to find solutions for the mess in the Middle East in which he was much involved. As a result, the outcome document of the summit read that ‘climate change is happening now, that human activity is contributing to it, and that it could affect every part of the globe’. This was the first time that a G-summit document acknowledged that human beings played a role in inducing climate change.

During the Obama administration, the US was equally more forthcoming in terms of climate change policy. The US was then (and still currently is) the second-largest greenhouse gas emitter, behind China. When China and the US struck a deal on climate change one year prior to Paris, in November 2014, that deal was hence consequential. It was even more so as it was the first time that China had agreed to control its carbon emissions. The US-China joint statement mentioned that the two countries ‘account for over one-third of global greenhouse gas emissions’ and that they hoped to ‘inject momentum into the global climate negotiations’ with Paris in sight. The meeting between Xi and Obama in 2014 was also very well timed, just one

16 At the time of the writing, Brazil has just elected the fringe right wing Jair Bolsonaro as its president on a programme that included the withdrawal of the country from the Paris Agreement.

week before the G20 summit, in Brisbane, during which climate change also figured on the agenda (Australia pledged \$3 billion to the Green Climate Fund during this summit). One of the large demands of the US was, however, that whatever the deal, it would have to be non-binding. In 1997, the Kyoto Protocol foresaw binding emission reduction targets for developed countries. The US Senate rejected it outright by a vote of 95 to 0. Mindful of this experience, participants to the Paris conference tried to accommodate the US requirements so that Congress would not have to get involved.

What is still puzzling, though, was the number of strong voices in the US with disillusioned views. Prominently, the Oklahoma Senator James Inhofe declared in 2003 on the Senate floor that the threat of catastrophic global warming was the ‘greatest hoax ever perpetrated on the American people’. More recently, Stephen Moore, a member of the editorial board of the *Wall Street Journal*, told a crowd in May 2009 that he ‘happen[s] to believe that global warming is the biggest scam of the last two decades’. Many other US powerful figures – not least of all, the sitting President Donald Trump – have disavowed climate change. Already on January 1, 2014, way before his Presidential campaign, Trump wrote on Twitter (the caps are his): ‘This very expensive GLOBAL warming bullshit has got to stop’. When the bashing against climate change is not as blunt, it is, at times, very bizarre. State Senator Scott Wagner, a Republican representing Pennsylvania, has also an interesting idea as to why global warming is happening, as he explained on March 27, 2017:

The Earth moves closer to the sun every year. We have more people. You know, humans have warm bodies, so is heat coming off? We’re just going through a lot of change, but I think we are, as a society, doing the best we can.

Scott Pruitt, the head of the US Environmental Protection Agency handpicked by Trump, doesn’t believe that humans have caused global warming either. Ironically, the year Trump pulled the US out of the agreement, the country underwent extreme weather, with three major hurricanes and widespread wild fires in California.

This scepticism stands in great contrast to the severity of the threat. Consider this extract from the book *Warnings*, by the former

US National Coordinator for Security, Infrastructure Protection and Counter-terrorism, Richard Clarke, and by R.P. Eddy:

[James] Hansen believes his latest warning is the most important he has ever issued. Earth's current climate is beginning to look a lot like the way it did during the Eemian interglacial, a warm period from about 130,000 to 115,000 years ago. Then, when the temperature was less than 1°C warmer than today, "there is evidence of ice melt, sea level rises to 5–9 meters [beyond current levels], and extreme storms."

Putting this into context, they then add:

Hansen's analysis suggests, "the sea level is now rising 3.2 mm per year (3.2m/millennium), an order of magnitude faster than the rate during the prior several thousand years with... Greenland and Antarctica now losing mass at accelerating rates." The volume of ice that is melting is incomprehensible. Recent analysis of satellite gravity measurements found Antarctic mass loss from 2003 to 2013 to be an average of about 67 gigatons per year, accelerating by an average of 11 gigatons each year during that time period. Greenland's estimate was even larger, losing an average 280 gigatons, accelerating by an average of about 25 gigatons per year [...] If all of Greenland's ice sheet melted, we'd be in for an additional seven meters of sea level rise. The complete melting of Antarctica's ice sheet would raise the level of the Earth's oceans by sixty meters. Even just losing relatively small portions of Antarctica to warming would have catastrophic consequences for human civilization because many major cities are located on the world's coasts.

Their warning is dire, the numbers large. Tony De Brum's concerns in this light appear more than justified.

Well until the 1990s, the scientific community, as well as the political elite, questioned the link between climate warming and greenhouse gases as being primarily man-induced. Back then, some questioned even whether climate changed at all. Since then, consensus has emerged. The political cruxes have since then evolved. On top of the question of limiting the temperature rise has come the great question of responsibility. Two related but distinct concepts around responsibility are the 'Common But Differentiated Responsibilities', and the fire-wall between Annex I and non-Annex I countries.

Common But Differentiated Responsibilities

Two principles regulate the ‘Common But Differentiated Responsibilities’ established in the United Nations Framework Convention On Climate Change (UNFCCC). On the one hand, developed countries have *historically* been the greatest contributor to greenhouse gas emissions and should bear responsibility for this. On the other hand, the developing countries lack the economic and technological resources to use sustainable, green sources of energy and still grow economically at a reasonable rate. The concept emerged in 1992 and the Paris Agreement still makes reference to it (at the demand of developing countries).

But, until the Paris Agreement, the definition of which countries counted as developed and which as developing was to be found in an appendix of the 1997 Kyoto agreement: the Annex I countries, as they came to be known, listed developed countries which would bear more financial responsibility for climate protection, whereas the other non-mentioned countries simply became the non-Annex I countries. The Paris Agreement dropped this reference and directly mentioned ‘developed’ and ‘developing’ countries, but without pinpointing them. By doing so, it becomes less clear-cut which countries belong to the developed or developing category, and which ones should hence bear more responsibility.

On both of these points – the ‘Common But Differentiated Responsibilities’, and the Annex I/non-Annex I countries ‘firewall’ – different groups of countries have come together within more or less formal structures and have followed a specific agenda to influence the debate.

Concerning the former, the Asociación Independiente de América Latina y el Caribe (AILAC) took a stance that puzzled many. The AILAC group has been constituted since 2012, with eight countries from the developing world; their interest therefore rather lay in maintaining the policy of ‘Common But Differentiated Responsibilities’,¹⁷ Yet, the AILAC countries started around 2009, promoting a much different concept: one of ‘shared responsibility’, in which *all* countries

17 Those countries are: Chile, Colombia, Costa Rica, Guatemala, Honduras, Panama, Paraguay, Peru.

would make voluntary emission reduction pledges. This interpretation put the AILAC countries at odds with the G77, an entire group of developing countries, and a group whose positions the AILAC otherwise usually followed. The G77 interpreted that the AILAC countries were ‘backing away’ from the ‘Common But Differentiated Responsibilities’. The AILAC group had consequently to spend much effort on ensuring that their vision of ‘shared responsibility’ was compatible with the concept of ‘Common But Differentiated Responsibilities’ – only more flexible. It showed their willingness to go beyond, in some ways, the blame game. In this interpretation, they were coming head to head against China, Saudi Arabia, and Venezuela, who wanted to have none of this ‘shared responsibility’ when they were handed a ‘right to develop’ without constraints through the old concept (remarkably, despite China’s incredible growth story, China still counted as a developing country). However, AILAC had the support of the Alliance of Small Island States (AOSIS), and the Climate Vulnerable Forum (CVF) – the two groups already mentioned in relation to the 1.5°C limit – as well as the EU and the Cartagena Dialogue.¹⁸ The Cartagena Dialogue was brought together after Copenhagen, with delegates from the EU, the Alliance of Small Island States, the Least Developed Countries, and Latin America; the group sought to have a legally binding treaty hammered out within the United Nations negotiations.

Annex I countries

The second point of contention in which groupings are easily distinguishable concerns the so-called ‘firewall’ between Annex I and non-Annex I countries. As Joanna Depledge, an affiliated lecturer at the University of Cambridge, put it, ‘the issue of the ‘firewall’ has been a major – perhaps the major – source of political contention in the climate change regime for very many years’. Under the distinction, the developed countries had to bear more (financial) burdens for climate

18 Lau Øfjord Blaxekjær & Tobias Dan Nielsen, 2015. ‘Mapping the narrative positions of new political groups under the UNFCCC’, *Climate Policy*, 15:6, 751–766.

change. The Annex I countries were also obliged to return their collective emissions to 1990 levels by 2000 – an aim that the group achieved.

This distance hence pitted developed countries on one side, which wished to abolish this regime, and against developing countries on the other side, arguably beneficiaries of the regime. The first one argued that the regime was out-dated, as many non-Annex I countries had evolved to become ‘wealthier’ than some of the Annex I countries by some measure (when taking absolute GDP rather than GDP per capita). On top of that, the contribution to global emissions of some of these non-Annex I countries had also grown massively. On the other hand, resistance was organised, notably with the BASIC group – Brazil, South Africa, India and China – as well as the LMDC – the Like-Minded Developing Countries, a group of roughly 20 countries representing more than 50% of the population – combining to push, following 2009, for Annex I countries to take even more of the burden.¹⁹

In the end, the group of Annex I countries won; the distinction was removed. As with many other policy changes, a process was in motion. Already in June 2015, six months before the Paris Agreement was signed, Sonja van Renssen, a journalist focusing on climate change, reported in *Nature* that an EU official interpreted the firewall as being less and less of an issue, adding that the ‘modern interpretation of common but differentiated responsibilities is “self differentiation”’. Even before that, at the 2013 climate change conference in Warsaw, countries came up with the already mentioned concept of Intended Nationally Determined Contributions (INDCs). These were voluntarily contributions (until the Paris Agreement, which made it compulsory) that countries would communicate. This work-around accommodated the US as well as the Like-Minded Developing Countries, which were seeking no binding commitments. But the real turning point came hand-in-hand with the negotiations about the 1.5°C cap. As researchers at the Wuppertal Institute for Climate, Environment and Energy nicely summarised:

19 Members of the LMDCs count as: Algeria, Bangladesh, Bolivia, China, Cuba, Ecuador, Egypt, El Salvador, India, Indonesia, Iran, Iraq, Jordan, Kuwait, Malaysia, Mali, Nicaragua, Pakistan, Saudi Arabia, Sri Lanka, Sudan, Syria, Venezuela and Vietnam.

Support for 1.5 °C was a *conditio sine qua non* for AOSIS and the LDCs, with whom the EU sought to align. The USA and other industrialised countries subsequently also shifted their position in favour of 1.5 °C. One may surmise that these changes in position were motivated by negotiation tactics to separate the poorer developing countries from the large emerging economy countries.²⁰

It would hence appear that the Alliance of Small Island States and the group of Least Developed Countries used the 1.5°C as a negotiation leverage against what the Annex I countries were trying to achieve, namely to remove the firewall.

Show me the money

The issue of responsibilities, and the whole debate around Annex I countries, goes far beyond mere diplomatic extravagance. The issue is a very fraught one, especially as it is linked to the one of who will pay for it. A presentation on the website of the Alliance of Small Island States (AOSIS), obviously not an officially carefully and diplomatically worded document, put it bluntly:

If those responsible and those with the ability do not pay, then the victim pays. Obviously not an equitable outcome.²¹

The main reason that US President Trump put forward when withdrawing from the Paris Agreement was also one related to money – on the economic and on the financial front:

In short, the agreement doesn't eliminate coal jobs, it just transfers those jobs out of America and the United States, and ships them to foreign countries. This agreement is less about the climate and more about other countries gaining a financial advantage over the United States. The rest of

²⁰ Wolfgang Obergassel (né Sterk), Christof Arens, Lukas Hermwille, Nico Kreibich, Florian Mersmann, Hermann E. Ott, and Hanna Wang-Helmreich, 2016. 'Phoenix from the Ashes — An Analysis of the Paris Agreement to the United Nations Framework Convention on Climate Change', *Wuppertal Institute for Climate, Environment and Energy*, 1 March.

²¹ AOSIS, 2012. 'Elements of Equity: Science, Sustainable Development & Survival', Bonn Climate Change Conference, 16 May. <http://aosis.org/wp-content/uploads/2012/08/Equal-Access-to-Sustainable-Development.pdf> [last consulted on 10.01.2018].

the world applauded when we signed the Paris Agreement — they went wild; they were so happy — for the simple reason that it put our country, the United States of America, which we all love, at a very, very big economic disadvantage.

Trump went on to show that he and his administration had very little understanding of the financing mechanism behind the Paris Agreement. Flamboyant as often, he stated:

The Green Fund would likely obligate the United States to commit potentially tens of billions of dollars of which the United States has already handed over \$1 billion — nobody else is even close; most of them haven't even paid anything — including funds raided out of America's budget for the war against terrorism.

Most of it is, however, plainly wrong; the rest very misleading.

Established in 2011, the Green Climate Fund was a key result of Copenhagen (in 2009). Payment to the fund has been voluntary and there are no penalties if states do not meet their payment targets, apart from a sort of 'naming and shaming' mechanism. The only legal obligation that has come out of Paris has been for developed countries to provide climate finance (no amount is specified) and to provide biennially forward-looking quantitative and qualitative information on it.

Concerning the Green Climate Fund, states are not alone on the list of potential contributors; private actors can, too. The intended use of the money is to redirect it to developing countries to support them to limit and reduce their greenhouse gas emissions. 37 developed countries, including the US, plus the EU, have pledged to contribute \$100 billion by 2020.

As Trump delivered his speech, the US had already paid \$1 billion into the fund – and not 'tens of billions', as he mentioned – out of \$3 billion pledged.

As Mathew J. Kotchen, a professor of economics at Yale University and a former deputy assistant secretary of energy and the environment at the U.S. Department of the Treasury, put it, what the US has 'spent so far amounts to about .026 percent of the annual federal budget'. Also misleading is hence the claim that 'nobody else is even close'. As of December 31, 2016, the annual report of the Fund listed total assets of \$3.4 billion. \$1 billion out of \$3.4 billion is a big share of the pie. But, Kotchen explains, while this was true in absolute numbers at the time

of Trump's speech, it was not the case *per capita*, when one takes into account how much each person would contribute to the fund, so to speak:

The facts are that while the United States *is* the largest contributor in absolute dollars, on a per capita basis, the U.S. pledge ranks 11th among the 45 contributing countries, and as a fraction of gross domestic product, the United States ranks 32nd. Every country with an official pledge has made a contribution, and nearly all have already paid a larger share of their total pledge than the United States.

The Green Climate Fund is hence mostly for developing countries, paid by developed countries. Developed countries will, however, also need some funds. The EU would need, according to its estimate, €180 billion of yearly investment in order to keep the rise in global temperature below 2°C. The EU was looking at how it can support such financing through enabling regulations.

The positive aspect of the story is that many companies, even if they do not support the climate change agenda, can have an incentive to go green, either via the prospect of returns or via stability. Similar to the EU, India has made its computations. It came up with the figure of \$160 billion in total capital required to reach its emission targets. So far, India has been rather successful in attracting much funding – and in driving the prices down for electricity produced from renewable sources. The Japanese giant Soft Bank, with revenue close to \$80 billion, announced in the autumn of 2017 that it planned on investing \$20 billion in the Indian solar power industry. As part of a joint venture with an Indian company, Acme Solar, Soft Bank won a bid for a solar panel project that would result in an extremely low price for each unit of electricity sold, Rs2.44; six years earlier, the price was still above Rs8. The joint venture has reckoned that it would be able to create a return, even with such low prices. In fact, India, along with China, has pretty much been slashing the prices of solar produced electricity. In 2016, supported by generous subsidies and \$18 billion of low-interest rates loans, Chinese solar panel producers cut their prices by a quarter, sending prices south worldwide. But the Chinese strategy was successful, if we are to believe its production numbers: according to the *New York Times*, it expanded tenfold from 2007 to 2012.

The stability of green investment is another factor. Swiss Re, the large reinsurance company, ensured that all its \$130 billion portfolio was in accordance with ethical standards, which include sustainability. While the returns could be slightly lower – or even without any correlation – the company claimed that these standards are less volatile, and hence can create better risk-adjusted returns – an important point to consider for companies seeking stability above high rates of return. Demand for green bonds has, in the meantime, also been sustained, notably around more regulations surrounding this asset class.

In the end, the financial contribution, as part of the Paris Agreement, is still one that relies on countries voluntarily determining to what extent they would like to participate, and aims at transparency. The removal of the distinction between Annex I and non-Annex I was probably helpful for some groups to achieve other objectives – more on that shortly.

Further groupings

Some of the aforementioned groups are little more than negotiation subgroups, especially catering to the climate change negotiations within the narrow framework of the United Nations, but this still fits this book's group leadership theory. Such would be the case of the BASIC countries. They came together during November 2009 (at the time of the Copenhagen meeting) and started to operate under the aegis of the G77. The environmental ministers have since met on an annual basis, discussing the accords under the United Nations Framework Convention on Climate Change (this includes the Copenhagen and Paris Agreements), and issuing a joint statement. The group 'membership', while set, also allows for some degree of flexibility. In April 2017, for example, the meeting also included representatives from Fiji, the country with the then incoming presidency of the climate conference (the Conference of the Parties, or COP), as well as Egypt.

Other than the BASIC countries, the LMDC – 'like-minded developing countries' or a 'like-minded group of developing countries' – and the LDCs – the Least Developed Countries – both have an agenda that extends beyond the climate change debate, from human rights to

trade policy. Also, membership for both can be rather fluid, depending on the topics; members can 'select' the topics on which they would like to join the LMDC while the LDCs have been more tied to a specific definition from 1971.

In terms of trade, for instance, the World Trade Organization started in 2001 what has come to be known as the Doha Round, which aimed at important reforms to lower trade barriers. Within this context, the 'like-minded group of developing countries' brought together Cuba, the Dominican Republic, Egypt, Honduras, Indonesia, India, Kenya, Malaysia, Sri Lanka, Tanzania, Uganda, Zimbabwe, and Jamaica. Two of the policy lines that they then defended were that there should be technology transfer obligations for more developed countries, as well as corrections concerning profit transfers. Of this group, many countries did not join the LMDC group for the Paris discussion, notably the Dominican Republic, Honduras, Kenya, Tanzania, Uganda, Zimbabwe and Jamaica. On the other hand, in 2015 in Paris, 18 countries joined it, leaving only six countries that were part of both the LMDC group for the 2001 Doha Round and the 2015 Paris Agreement.

The LMDC grouping, concerning climate change, emerged in 2012 while the LDCs group is much older, with the United Nations making an explicit reference to it in 1971. The LDCs is collectively less a 'grass-roots movement' in the sense that it emerged as a result of the United Nations Conference on Trade and Development (UNCTAD) drawing up a list of the least developed countries. This led to a myriad of further initiatives, for instance within the World Trade Organisation with the 'WTO Plan of Action for the Least Developed Countries'.

This form of flexible governance is also to be found in the two groups mentioned in relation to the 1.5°C limit. The Climate Vulnerable Forum states that it has an 'open, inclusive and semi-formal approach'. Its 'operational modalities' specify further what this means. The modalities read that 'countries may choose to join and discontinue their participation', adding that 'the membership shall not to [sic] be limited to any specific region nor to countries impacted by a single or group of specified phenomenon'. Yet, it is not an open door policy either, as the CVF Summit still has to 'consider' any 'proposal' for including new members. The voluntary nature of the Climate Vulnerable

Forum is also highlighted in its expectation: ‘Member countries are not expected to negotiate binding rules and may not be obliged to implement decisions and recommendations.’ To those who would read that as a statement that the Forum cannot pull strings to get anything done, the introduction of the 1.5°C limit would be a noteworthy example. Despite its normative nature remaining relatively low, it is a first step in a long process towards establishing it as the new standard – and not the 2°C limit.

The form of governance of the Alliance of Small Island States (AOSIS) is also flexible, but in different terms. For a start, it doesn’t have a founding document highlighting how members may join or leave the group. True, there has been much change since its inception. The Alliance of Small Island States came together in 1990, as they recognised how disproportionately vulnerable they were to climate change. Since then, two countries have withdrawn (Cyprus and Malta) while two have joined fully (the Dominican Republic and Timor-Leste) and one has joined as an observer (Puerto Rico). The real importance of the group, though, only started in 1992, as the United Nations decided to develop a climate change convention. Their achievement to be even relevant is remarkable when considering the tiny population and contributions to climate change of those islands, even when all combined together. Helpfully, three scholars at the University of Zurich explained that the countries ‘work together largely based on consultation and co-ordination.’ These scholars also explained the success of the group with the first-mover advantage, as in 1992, few groupings existed – which is very different to now, as this chapter has shown.²²

The number of groupings is rather large and goes well beyond the few mentioned here. Briefly, just to showcase the point, here are a few other examples. The Durban Alliance sought to break the North/South divide by bringing together the AOSIS, the Least Developed Countries, the Cartagena Dialogue countries, South Africa, and the EU. Regional groupings included the left-wing coalition Bolivarian Alliance for the Peoples of Our America (ALBA in Spanish), the Central American Integration System (SICA in Spanish), the League of Arab States (LAS),

22 Carola Betzold, Paula Castro and Florian Weiler, 2012. ‘AOSIS in the UNFCCC negotiations: from unity to fragmentation?’, *Climate Policy*, 12 (5), 591–613.

the Caucasus, Albania and Moldova Group (CACAM), the Mountainous Landlocked Developing Countries (Armenia, Afghanistan, Kyrgyzstan and Tajikistan) and more controversially, the Visegrad countries – the Czech Republic, Hungary, Poland and Slovakia – which have rather tried to perpetuate the life of coal. There are also groupings focusing on a single issue, such as the Coalition of Rainforest Nations (CfRN), or the Organization of the Petroleum Exporting Countries (OPEC). The G-summitries, with the G7, or the G8+5 are also worthy of mention.

To wrap up this non-extensive list, the topic of climate change is also a brilliant example of group leadership theory, as other non-state actors have also played a prominent role. These include many activist groups, naturally, but also religious groups. Pope Francis took up the topic in his second encyclical in May 2015, calling for global action against climate change with the subtitle ‘On care for our common home’. Also remarkable is the group C40, a group connecting (at the time of writing) 90 large cities. With its secretariat deciding who can join, C40 is more formal than other groups, for instance the AOSIS. The name C40 stems from the group’s original count of 18, which quickly rose to 40 cities (in 2005). Smaller cities can also join the group as long as they can ‘show effort to tackle climate change’. Again, the effort of each city within the group is voluntary and based on collaboration, but this does not mean that this cannot be effective.

According to Benjamin Barber’s 2013 book *If Mayors Ruled the World*, it is cities, not nation-states, that truly lead the way on global change. While this may be exaggerated, cities have also contributed to the Paris Agreement. While the 2015 Paris conference was under way, 1,000 cities gathered in parallel and signed the Paris City Hall Declaration. Through the Declaration, the cities ‘commit[ed] collectively to [...] deliver [...] the 2 degree emissions reduction pathway identified by the scientific community’, for example. The cities also set up a complex procurement system, the Energy Efficiency Building Retrofit Program, which could help with the measurement of carbon emissions. C40 is not the only grouping of cities out there: to name but a few, there are also: the US National League of Cities, the Asian Cities Climate Change Resilience Network, the International Council for Local Envi-

ronmental Initiatives, the World Mayors Council on Climate Change, and the Cities and Climate Change Initiative.

This long list of initiatives at the local level brings to the forefront a lesson to extract from this policy field. Although climate change is a global problem, several scholars have emphasised that ‘cooperation should begin with much smaller groups [and] nonbinding agreements that are more flexible’ (David G. Victor of the University of California). Similarly, William Antholis, then managing director at the Brookings, a think tank, wrote:

Lesson learned: size matters. When it comes to global governance, it was and is easier to get things done with a smaller number of the right countries.²³

The approach to the Paris Agreement is supportive to this thesis. It is noteworthy that many of the groups presented have this very flexible approach to membership, as well as to topics. This approach has also trickled down to the Paris Agreement and stands in contrast to the Kyoto Protocol. Back then, in 1997, the assumption between the lines of the binding agreement was that countries would act in their own short-term self-interest and not necessarily in the name of ‘global interests’. The Paris Agreement, on the other hand, assumes – sort of – that countries are capable of living up to collective goals, transparency, and revising those goals on a regular basis: sort of, as the national interests of many countries have also become increasingly aligned with the one of the global order. Investments in renewable energy, even short-term ones, have brought more returns. Domestically, politicians have seen a need to please their electorate in order to provide an answer to their fears, or experience, of catastrophic weather events. And with these types of events, the long term prospects of climate change have appeared a lot nearer, giving them a much more practical tone than series of figures, charts, and concepts could achieve.

Sceptics would bring in the Copenhagen Accord to say that both are based on voluntary inputs (Paris has minor binding bits, as this chapter has already pointed out). The process with which these two ac-

23 Antholis, William, 2009. ‘Five ‘G’s’: Lessons from World Trade for Governing Global Climate Change’, in Brainard, Lae and Isaac Sorkin, *Climate Change, Trade, and Competitiveness: Is a Collision Inevitable?*, Brookings Institution Press.

cords were brought about was very different. Copenhagen was mostly regarded as a failure, for two reasons. Firstly, the expectations were to bring on a new Kyoto-type binding treaty. For Paris, this high expectation had already changed. Secondly, the accord was the result of a last minute, on-the-side meeting of five countries – remote from the usual multilateral unanimous process of the United Nations. As the Copenhagen summit was drawing to an end, a group of 22 countries, Friends of the Chair, tried to put together a very succinct document of only 2.5 pages, containing only the argument enjoying the most support.²⁴ But even such a short document failed to convince. China stubbornly refused to allow third-party verification of its emission reductions, as long as the treaty would be legally binding. As the final day was coming to a close, desperation was high. The then US President Barack Obama still had a last meeting with the Chinese premier, Wen Jiabao. As he arrived for his meeting, Obama found that Wen had invited other heads: Brazil's Luis Inácio Lula da Silva, India's Manmohan Singh, and South Africa's Jacob Zuma were also present. The five of them were able to come to a product – the Copenhagen Accord – and the deadline for the negotiations got pushed back. Although the agreement was non-binding, it still needed the unanimous approval of the United Nations countries. This time, Venezuela, Bolivia, Cuba and Sudan refused to agree. The United Nations could only 'take note of the Copenhagen Accord' by the end of the summit, and it remained unclear how many countries would support it.

In comparison, countries negotiated the Paris Accord more fully. Between 2009 and 2015, it had become clearer that the old divisive regime (between developed countries paying the price for their past emissions while developing countries faced almost no constraint) could not continue. Different G-summits paved the way towards accepting this new, more inclusive, regime, based on voluntary contributions.

This chapter has focused primarily on the Paris agreement, but the story of group leadership within climate change goes far beyond this framework. Most of the groups either emerged prior to the meeting, or

24 Algeria, Bangladesh, Brazil, China, Colombia, Denmark, Ethiopia, France, Germany, India, Korea, Lesotho, Maldives, Mexico, Norway, Russia, Saudi Arabia, South Africa, Spain, Sweden, United Kingdom, United States

have outlived it. They have shown as well that even with no leadership from the US, another form of leadership was possible.

The G8 and G20

Many other groups, which were not mentioned in the chapter, have also contributed to climate policy outside this United Nations framework. The G8 and the G20 are two of them. Although critiques like to dismiss such forums as just irrelevant chit-chat, due to the mostly non-binding nature of the talks, they do register tangible achievements. The G8 summit of 2005, mentioned earlier in the context of a change of heart from President Bush to agree to acknowledge the role of humans in inducing climate change, saw an 80% compliance rate of pledges made in relation to climate change, according to the two scholars John J. Kirton and Ella Kokotsis. Even more tangible is the decision by Russian President Vladimir Putin to re-route a pipeline to protect the Lake Baikal, the largest freshwater lake in the world. The two aforementioned scholars saw the influence of the G8 in this decision, which was positive for the protection of the environment.

The G8 influence continued. In September 2006, Angela Merkel had been one year in the job as German Chancellor. She was a former environment minister (1994–1998) who had notably assisted the first United Nations climate conference (Conference of the Parties-1). Merkel called for climate change to be the top priority for the upcoming 2007 summit at Heiligendamm. At the summit, five other invited countries would take part: Brazil, China, India, Mexico, and South Africa. The summit already marked an early turn away from the distinction between Annex I and non-Annex I countries, as all countries – rich and poor, North and South – would participate and accept constraints. The following year, in 2008, in Japan, at Hokkaido Toyako, the G8 reached an agreement to reduce greenhouse gas emissions by 50% by 2050. The agreement conveniently left out whether this was binding or not, and did not specify any further measures for the short and medium terms.

Little by little, the G8, and from 2010 to 2014, the G20, were filling in the void left by the United Nations with the 'old' climate change

regime. When the G20 countries started meeting together, it was primarily to face the 2008 financial crisis, not climate change. In 2009, the question arose of whether to expand to take on the topic. The UK, EU, Japan and Mexico supported this, but others, such as Canada and China, found that the venue and process for it was clearly within the United Nations remit. After November 2010, this position changed, and the G20 arguably even overtook the G8 in the lead for climate change, due to its larger and more encompassing list of countries. This point was made even clearer when in November 2011, Canada withdrew from the Kyoto Protocol –one year before the treaty’s end of commitment period in 2012. Conveniently, it also saved Canada \$14 billion that it should have paid as penalties for failing to reach its targets. Shortly after Canada’s announcement, Japan and Russia followed suit, stating they would not accept any new post-Kyoto commitments. This series of withdrawals and lack of support meant that half of the G8 constituency was now not part of the key treaty anymore, undermining its stature as a ‘leader’ on the topic. Amongst this new role for the G8 and the G20 during the 2009–2014 years, the United Nations was not completely side-tracked either. Ban Ki-moon opened the 2010 session on development by urging countries to start funding the Green Climate Fund.

Many other groups than all those mentioned so far, and at different levels, bringing together companies and activists, have also played a role and continue to do so in the fight against climate change. This chapter did not aim to comprehensively review them all, nor see what their governance model would look like, but the chapter aimed to show that much evidence to support group leadership theory exists in the realm of policy to tackle climate change. Arguably, the theory is well suited for such a topic, where some see a sense of urgency that can bring a sentiment that we need to act to save mankind. This has, however, a romantic appeal that the reality of politics exposes as too idealistic. Large countries – prominently the US, China, and India – blocked agreements. And the harsh reality of Kyoto came and went in all its splendour, as the Earth’s two largest emitters did not join it.

The sense of urgency is not a prerequisite for group leadership theory to function – otherwise this would have been an important omission in the previous chapter. The same dynamic can be seen in other

policy areas, the one of trade and business for instance, as the next chapter will show.

4 Economic Opportunities

New Development Bank, BRICS, Belt Road Initiative, and the G20

China and India are today two strong shaping forces of the world economy; their cooperation is also fraught with border conflicts going back to decades earlier. On October 20, 1962, high up in the Himalayan mountains, next to the border with India, at 4,000 metres above sea-level, the Chinese People's Liberation Army launched two simultaneous attacks against the Indian army: one at Aksai Chin, a mountainous desert now known as Arunachal Pradesh, and the other one 1,000km farther, at Ladakh. The attacks marked the beginning of a bloody, albeit short, war between the two countries. Over the course of three weeks, the two armies repeatedly faced each other off, leading to a high casualty count for the Indian army. Some put it at roughly 1,300, and a bit more than half this figure for the Chinese one, others at roughly 3,000 Indians killed and 4,000 further Indians captured. As for any conflict, several versions also exist as to who was to bear the blame for starting the war – and as to why it happened.

One of the versions holds that China started it, as they were the ones who first crossed the border. But this is a bit too simplistic. Neville Maxwell, an Australian journalist who spent much time in India and in its archives, instead holds India responsible.²⁵ In 1914, the British foreign secretary Henry McMahon sat with the Tibetan representatives and drew a line on a map, delimiting the border between the Tibetan region of China and India. According to Maxwell, McMahon's map was, however, not presented to the Chinese; McMahon had exceeded his authority, so much so that the viceroy, the regional representative at the colony, cancelled the line. The Indians interpreted the matter differently. Jawaharlal Nehru, the first Prime Minister of India,

25 Neville Maxwell, 1999. 'Sino-Indian Border Dispute Reconsidered', *Economic and Political Weekly*, Vol. 34, No. 15, pp. 905–918.

regarded the border issue as settled and that the Chinese should be the one raising it if needs be. During a mail exchange with Zhou Enlai, the first Premier of the People's Republic of China, Nehru expressed that he 'had not been aware at any time previously that there was any frontier dispute between our two countries.' Maxwell explains that India interpreted China not raising the border issue as the country accepting the McMahon delineation line. But that was not the case, and several elements built up to China feeling threatened. That the CIA was training and arming rebel groups in Tibet was not helping, as much as India hosting the Dalai Lama. On October 9, 1962, Indian troops made a move. China had to reconsider their options: only a big enough blow would lead to their adversary changing their mind. And so came the war that they fought for three weeks.

Regardless of who is to blame for starting the 1962 war, the animosity between the two countries has lived on and the border issue has not been settled, even if the last military clash between the two countries dates back to 1975. In 1982, China helped Pakistan build its nuclear bomb by providing it with enriched uranium; it did so to a large extent in support of their shared enmity towards India. And as recently as the summer of 2017, this erupted again. Bhutan, a landlocked country the size of Switzerland, with 800,000 inhabitants, and which shares borders with India and China, became the theatre of renewed hostility between India and China. The question of who started it would, again, be controversial. *The Economist* reported it straightforwardly as such: 'On June 18, Indian army troops marched across an international border to block the progress of a group of Chinese border guards'. The Chinese were part of a road-building crew and were on their way to extend China's position further into Bhutanese territory. To the Chinese' defence: the maps of the region are often imprecise and consequently lead to frequent accidental incursions anyway. This time around, no one died; the range of words the British magazine chose to describe the incident is still rather noteworthy: a 'brawl', 'garden-fence fisticuffs', or even 'current argy-bargy'. To explain this 'brawl' it is useful to look at the Bhutanese economy and its closeness to India. 80% of Bhutan's trade is with India, which is also the only country benefiting from its main export, hydroelectric power. India, on the other hand, gives Bhutan 60% of its foreign aid, and its army builds and maintains

roads over there. Both countries felt uneasy about the Chinese incursion, but this was short-lived and two months later, the conflict had faded away.

Similarly to Bhutan, India had for a long time considered the tiny islands of the Maldives within its sphere of influence. A domestic political crisis on the islands in early 2018 brought up similar concerns as those of the summer of 2017. The Chinese had been investing heavily in the Maldives in infrastructure, as the president Abdulla Yameen was entertaining close relations with China. When Yameen started rounding up political opponents, calls – notably from the former 2008–2012 president of the Maldives, Mohamed Nasheed – mounted for India to intervene. This would have brought India into a face-off against Chinese interests, a dangerous mix. India stayed put, though, and hoped that the domestic political crisis playing in its backyard would resolve on its own.

With all these rivalries and potential for explosive situations, we have to wonder, then: how did China and India manage to come together to create a \$100 billion bank (with a yearly lending capacity of \$34 billion), the New Development Bank? (It also created at the same time a fund for liquidity crisis, also worth \$100 billion, called the Contingent Reserve Arrangement, but not all countries chipped in equally on this one, with China by far the largest contributor.) With all the discussions of competition between rising powers, such a financial institution does not fit the narrative of countries being confrontational to reach their ambitions. Could another theory account for this puzzling development?

China and India created this new bank along with Brazil, Russia and South Africa – the so-called BRICS quintet of countries. The aim of the bank is to lend money to BRICS countries, mostly for infrastructure projects. In comparison, a \$100 billion sized bank corresponds to roughly a third of the World Bank's assets (at \$324 billion) and half of what the World Bank lends (up to \$205 billion). The New Development Bank could hence become a big deal. Also, to put that into perspective: JP Morgan, just one of a few large US banks, issued \$80 billion of long-term debt in 2017, with tangible common equity of \$188 billion (and, while less relevant to the comparison here, total assets of \$2.5 trillion and a market capitalisation of \$412 billion).

The attractiveness of creating a new institutional bank is largely to pull funds together to have more firing power, but also to lend without any conditions, unlike the World Bank or the International Monetary Fund. These institutions often attach stringent reforms or fiscal policy to their loans, much to the dismay of elected officials, who find that they undermine democracy. (A reasonable explanation as why these organisations lend with (political) conditions is that it is a sort of insurance for the organisations themselves, which could otherwise go ‘bankrupt’ – meaning that member states would refuse further funding – and could trigger financial crises).

The member states of the New Development Bank like to boast that the bank also benefits from exceptionally good ratings, that is to say ‘AAA’, as it is supported by sovereign states. This means that it can lend at favourably low rates. Yet, it is noteworthy that there may be a ‘slight’ conflict of interest in the ratings, as they come from one of the member states – China – where the line between state intervention for the national interest and business independence is much blurred.²⁶

To understand how China and India were able to get together on such an expansive – if not expensive, too – project, we need to look at two factors: the reasoning behind the creation of the bank, and more broadly, the shaping of BRICS as an informal institution in the past decade.

Some saw the inception of the bank as a result of the countries’ incapability to reform the voting system of the World Bank and the International Monetary Fund. The voting share of the BRICS countries within the World Bank does not align with the economic reality anymore, they argue. *The Economist* explained this discrepancy in 2006, although it is still valid today:

It is absurd that Brazil, China and India have 20 percent less clout within the [International Monetary] fund than the Netherlands, Belgium and Italy, although the emerging economies are four times the size of the European ones, once you adjust for currency differences.

Currently, following the latest 2010 reform on IMF voting quotas (which member states only finished ratifying in 2016), the US has the

26 For the details: the rating agencies are China Cheng Xin International Credit Rating Co. Ltd., abbreviated to “CCXI”, and Lianhe Credit Rating Co. Ltd.

top spot, with roughly 17% of the voting share; China comes in with just under 5%, India and Russia have roughly 3%, Brazil less than 2% and South Africa roughly 0.5% (the exact percentage depends on which precise body within the IMF one looks at). But this compares badly with a ranking of the countries' GDP, especially in terms of purchasing power parity. Just in terms of ranking, China is second behind the US, India follows right behind China, Russia is in 6th position, Brazil is in 7th, and South Africa trails a bit further behind in 28th place. The discrepancy between the voting power – linked to the potential to choose projects in which to invest – and the economic weight of the BRICS countries (topped with their economic ambition) may explain their will to go ahead and create a new financing mechanism.

But this can't be all. When looking at how the IMF's sister organisation, the World Bank, lends its money, it is also clear that the BRICS countries still benefit to a certain extent from the World Bank's support. In 2013 – the year the new bank was announced – the BRICS had accumulated 27.2% of the loan portfolio from the bank (China 9%, India 8.3%, Brazil 8%, Russia 1%, South Africa 0.9%).²⁷ To explain the rationale behind the New Development Bank, others interpreted it as a result of the frustration of the G20 to not follow through on their 'commitments to mobilize infrastructure investment for the developing world'.²⁸ The bestseller author and scholar, Parag Khanna, elaborates on this idea, reasoning that the creation of the New Development Bank stems from the need to cover an 'estimated annual \$3 trillion required in infrastructure spending just to keep up present levels of GDP growth'.²⁹ He also noted that 'for the first time in history, infrastructure spending consistently exceeds military expenditure'.

There are already a lot of different development banks. The New Development Bank fits the group leadership theory particularly neatly, however. Despite vast differences in economic sizes between its five

27 Alexandra Morozkina, 2015. 'The New Development Bank in Global Finance and Economic Architecture', *International Organisations Research Journal*, 10(2), 89–105.

28 Gregory T. Chin, 2014. 'The BRICS-led Development Bank: Purpose and Politics beyond the G20'. *Global Policy*, 5(3), 366–373.

29 Parag Khanna, 2014. 'New BRICS Bank a Building Block of Alternative World Order', *New Perspectives Quarterly*, 31(4), 46–48.

member states, all of them hold the same share of the bank (20%) and all hence have the same voting power within its board. This is remarkable when compared with other key international financial institutions, where steering power is never otherwise equally distributed. And while the contributions to the bank are the same for everyone, their weight in relation to their different economies varies vastly: for China, \$10–20 billion is peanuts (out of an \$11tn GDP), while for South Africa, this amounts to 2.5–5% of its GDP – a consequential chunk in other words.

The different member states also have roles that balance each other out. The headquarters location has led to much debate, until the group settled on Shanghai, with a regional office in South Africa. India was of the opinion that it was the one behind the inspiration for the project and that this should translate into something. The first president has therefore been Indian (for the first six years), the Chair of the Board of Directors Brazilian, and the Chair of the Board of Governors Russian. Other development banks – as hinted already – do not necessarily have this equal representation. This would be the case with the Asian Development Bank (with the US and Japan as the largest shareholders), or even the Asian Infrastructure Investment Bank, where China is this time by far the largest shareholder at 28.7%, with the second shareholder a long way behind: India at 8.3%.

The BRICS communicated the project of establishing the bank in 2013, in South Africa, after India had initiated the discussion the prior year, during the Delhi Summit. (This was the year that Xi Jinping met Vladimir Putin for the first time, during which the Chinese head told his counterpart: ‘I feel like our personalities have a lot in common.’) The first project it financed was in December 2016, a Shanghai-based solar power plant costing \$76 million (the second one was for India, for \$100 million concerning water usage).

The creation of the New Development Bank was, however, not entirely the beginning of the example of group leadership theory in action: the meetings of the BRICS in themselves probably are. Such meetings may also have contributed greatly to diffusing the conflict between India and China over Bhutan in the summer of 2017. A couple of days before the BRICS summit was due to start in China this summer, both countries agreed to have their military forces disengage from the conflict region, an early success for a meeting that was for a long

time otherwise looked at as lacking teeth. The myriad of articles mentioning the ‘soft power’ of the BRICS could attest to it.

The BRICS

But why the BRICS? And why not other countries? This largely comes down to fate (a topic we’ll come back to later in two chapters) and a tad to an arbitrary choice. In 2001, Jim O’Neill, London-based chief economist at the bank Goldman Sachs, put together a report where he cobbled Brazil, Russia, India and China together, calling them out for their future potential growth (note the absence of South Africa). He foresaw so much growth potential that in a 2003 paper, candidly titled ‘Dreaming with the BRICs’ (no, the ‘s’ doesn’t stand for South Africa here), Goldman Sachs made the prediction that ‘if things go right, in less than 40 years, the BRICs economies together could be larger than the G6 in US dollar terms’. This was a bold claim at the time, and one which brought a lot of debate, although he actually even underestimated their growth potential when looked at from today’s standpoint. He predicted that the four economies would have a combined GDP of \$8.7 trillion in 2013; by then, it amounted to over \$15 trillion.

O’Neil confided to the *Financial Times* a decade after his seminal publication that the BRIC term was just a mental prop. But its influence was enormous, especially following the 2003 paper, which got a lot more attention than the first one, so much more than many referred to it the first time the term BRICs was coined. The term entered the usual current lexicon; companies developed strategies to seize the BRICs’ market, and the very same countries set up an informal summit. (It may be slightly ironic that the BRICS’ bank, for development, as a counter weight to the Western-biased Bretton Woods institutions, has another US commercial bank to thank for its origin.) Before O’Neill’s report, the BRIC countries had not really aligned, nor come together as a bloc.

The idea came to O’Neill after the planes had hit the Twin Towers on 9/11. ‘What 9/11 told me was that there was no way that globalisation was going to be Americanisation in the future – nor should it be’, he recalled in 2010 in an interview with the *Financial Times*. ‘In order

for globalisation to advance, it had to be accepted by more people... but not by imposing the dominant American social and philosophical beliefs and structures’.

O'Neill's ideas found much opposition from critics, who perceived it as just a marketing trick from Goldman Sachs. Such critics argued that there were more differences to these countries than commonalities. Russia and Brazil are big commodity exporters; China is a commodity importer. When Russia, as an exporter, benefits from high-energy prices, India, as a heavy importer, suffers. To O'Neill's critics, he did not heed the fact that the countries had very little political commonality either, as he focused predominantly on economics. Brazil, India (and later South Africa) are democracies; Russia and China are authoritarian – with Russia's indicators of life expectancy and GDP per capita worsening in the few years prior to O'Neill's neologism. China and Russia both have a seat at the United Nations Security Council and have helped maintain the status quo. The others have fought to have it overhauled. Brazil doesn't have nuclear weapons; China, Russia, and India all do, with India the only one of the three not a signatory to the Non-Proliferation Treaty. Others were also offended that he hadn't included Korea, or Mexico, to which his answer was, even if it was not entirely rational, that he excluded them because of their membership of the Organisation for Economic Co-operation and Development.

Following the financial crisis, many similar ideas stemming from think-tanks or for-profit organisations had collapsed. But not the BRIC idea. The crisis rather gave it a *raison d'être* (much like the G20 summit, of which more in a bit) instead of wiping it out, with topics discussed including efforts to combat the ripple effects from the 2008 financial crisis. According to the scholar and author Olivier Stuenkel, in his book *The BRICS and the future of global world order*, ‘the BRICS grouping thus did not turn into a household name because of its conceptual novelty, but rather because it powerfully symbolized a narrative that seemed distant in the 1990s but appeared to make sense in the mid-2000s: a momentous shift of power was taking place away from the United States and Europe towards emerging powers such as China, India, and Brazil’.

Russia, India, and China were already meeting regularly as part of the ‘RICs’ since at least 2001. In 2006, Russian Minister Sergey Lavrov

pushed to include Brazil, de facto creating the BRICs, even if the two other members were initially sceptical. The four foreign ministers met first in September 2006 in New York, on the side of the United Nations General Assembly. Then, in June 2007, there ensued an awkward meeting with the Group of 8. As part of a process to try to include emerging countries (the Heiligendamm Dialogue Process) – a process already started in 2005 in the UK – Brazil, China, India, Mexico and South Africa were invited to the G8 meeting, but it was made clear that this would be only as observers; they would not take part in the decision-making process. They took this as insulting. The BRICs foreign ministers met again in September 2007 on the sidelines of the United Nations General Assembly. And in May 2008, in the Russian town of Yekaterinburg, 1,700km east of Moscow (what the Russian President Dmitry Medvedev described without sarcasm as ‘the epicentre of world politics’), the four foreign ministers met again for the first time in a stand-alone meeting. Apart from the Brazilian delegations, they were all already in town for the summit of the Shanghai Cooperation Organization. In September of that year, they met, again, and issued their first, very short (five sentences) press release, listing the issues discussed:

Priority issues on the 63rd UNGA agenda were discussed.

Special attention was paid to agreeing on common approaches for all four countries to topical world development problems, including the state of affairs in global finances, the food crisis, climate change and cooperation within the Heiligendamm Process of the Group of Eight and its partners.

Possible joint steps on these issues were examined in the context of upcoming international forums.

It noted further that ‘a keen exchange of views also took place on further steps to develop ‘the group and its meeting’. The second meeting of foreign ministers took place a mere ten days after the Lehman Brothers had filed for bankruptcy. Two months later, the BRICs finance ministers met this time and ‘called for the reform of multilateral institutions in order that they reflect the structural changes in the world economy and the increasingly central role that emerging markets now play’. The press release did not shy away from calling the World Bank and the International Monetary Fund by name. And they got organised to have their meetings right before the spring meetings of both the

World Bank and the International Monetary Fund, showing how they ganged up together to try to increase their influential weight.

In July 2009, again in the Russian town of Yekaterinburg, the four heads of state this time convened together. The club was exclusive, but informal. Size helped for this informality. ‘The informal club culture has allowed the BRICS members to work without any pressure of rigid institutional hurdles such as organizational problems, deadlines, influence from fragmented bureaucratic interest groups and turf fighting as witnessed within formal institutions’, noted two Canada-based scholars of international relations, Andrew F. Cooper and Asif B. Farooq.

The lack of existing norms, formal structure and charter meant that only a shared (implicit or not) understanding of why the countries came together bounded them. This common understanding amongst the BRICS members has evaded many who criticised that they were not on the same economic path. A critique, by far not the fiercest, but still worth mentioning for its lack of prescience, ventured:

Still, they [the BRICS] have a long way to go. When considering the three key issues that dominated global affairs in 2014 – Ukraine, ISIS and Ebola – it becomes clear how little the BRICS countries assumed a leading position.³⁰

True, the leading position may not be the same in the security domain as the economic one, but no one pretended that they would ensure a ‘leading position’ in all matters of public life. To already make a breakthrough in economic development might not be too bad.

The BRICS proved these critics wrong, as they managed to find a common fabric to justify their get-together, and this mutual interest (read as well: frustration against the Bretton Woods institutions) has been prevalent enough that it has lasted for the past twelve years.

Hence, the group presented itself then as speaking on behalf of emerging countries. A big ‘but’ was becoming increasingly hard to overlook, though: no one represented the large African continent. There were two main candidates, Nigeria and South Africa. Jacob Zuma, South Africa’s president until 2018, visited each country, bringing a message sweet to their ears: that investments by foreign developed

30 Oliver Stuenkel, 2016. ‘Do the BRICS possess soft power?’ *Journal of Political Power*, 9(3), 353–367.

countries ‘plagued’ emerging countries (as reported by the left-leaning British newspaper *The Guardian*).³¹ Another very convincing argument has probably been that the country has also three quarters of the world’s reserves of platinum, a chemical used in many industries, from the auto sector (as a catalyst to moderate exhausts) to medical devices (for catheters or other implants). China is its top export partner and India ranks fifth, but Nigeria has comparable advantages, as India is its top exporter and Brazil comes fourth. South Africa also had an advantage, though, in deploying its diplomatic charm offensive. As the previous chapter mentioned, it had been working closely as part of the BASIC countries – Brazil, South Africa, India, and China – on climate change and managed to create trust ties. It was similarly part of a dialogue forum since 2003 – IBSA, standing for India, Brazil, South Africa, meaning that it had close contacts to all BRICs members but Russia.

In the end, the BRICS won over a potential BRICN. Conceptually, the meaning of the BRICS had shifted. It wasn’t a group of countries full of economic potential anymore. ‘For South Africa to be treated as part of BRIC doesn’t make any sense to me, but South Africa as a representative of the African continent is a different story’, commented O’Neill. And yet, joining the ‘BRIC label’ has probably been a good PR coup for South Africa, as much as for the other countries, which boosted their status of emerging power along with their global ambitions. Zuma therefore took part in the second, now renamed BRICS with a capital ‘S’, summit.

The creation of the New Development Bank represents a continuation of the BRICS’ informal club culture, as it put an institutional framework around it. But the informality continued. The BRICS still did not have any secretariat, staff, or charter. Meanwhile, heads of states, foreign, finance, health and other ministers kept meeting up, setting objectives and working on these subjects together. The number of areas in which they worked together was quite wide-ranging: from tax to establishing standards for their statistics *à la* OECD, to national security (e.g., on terrorism, piracy, cyber security, conflicts in Syria,

31 Sébastien Hervieu, 2011. ‘South Africa gains entry to Bric club’, *The Guardian*, 19 April.

Libya, and Mali), to food security, to exchange programmes for judges (although this was discontinued after one year), to academia, and to trade.

One of the major successes has been, all in all, a public relations coup by providing a platform for its member states to showcase whatever they wanted. They have been notably successful in presenting themselves as representatives of the developing world in international forums – as the previous chapter also exemplified concerning the climate change debate.

It is tempting to take the story of group leadership within the BRICS and the New Development Bank as representative of the emerging phenomenon. After all, the newly formed BRICS exhibited group leadership characteristics in fighting against older institutions, which clearly did not show these characteristics. This leads to a caveat: not all newly formed institutions have exhibited such characteristics, and the specific role of China as an economic power could appear to contravene the theory. Valid counter-examples would be with the New Development's 'sister organisation', the Asian Infrastructure Investment Bank. Yet, again, these do not invalidate the whole theory.

The Asian Infrastructure Investment Bank, like the New Development Bank, seeks to invest in long-term infrastructure projects. It has a much larger membership than the New Development Bank, with over 80 member countries, started financing its projects around the same time (in 2016), but has a much different shareholder structure, with China clearly in the lead. Because of all the other member countries backing the \$100 billion bank, it receives a high credit rating that also allows it to raise capital cheaply. Strangely, the US has very much opposed the bank and has encouraged other countries not to join it, seeing it as a competitor to the Bretton Woods institutions that would give cheap credit *with no conditions attached* – but to no avail. Their attempts at blocking the bank may have in fact even boosted its support. The biggest blow to US diplomatic effort was memorably when its close ally, the United Kingdom, announced in March 2015 that it had chosen to join in. France, Germany and South Korea then followed suit. Even India subsequently accepted the invitation to join.

The bank, as much as the Bretton Woods institutions, reeks of biases; it does not promote equally distributed weight. There is a voting

split of 75% of the shares allocated to Asian members, and 25% to the others. And amongst this Asian part of the shares, China holds 77%, India 9%, Russia 7% and Korea 4%.

So, how does this reconcile with the theory of group leadership? There are two possible answers: first, it doesn't, but the theoretical chapter also emphasised that group leadership theory would not encompass everything, as much as realism or liberalism do not. Second, though, it is to look at how China intends to use the bank, mostly as a central pillar to finance projects for the region amongst what it has dubbed 'One Belt One Road' (officially now translated as the 'Belt and Road Initiative'): a huge \$1 trillion infrastructure overhaul for the pan-Asian region that would allow trade to flourish and would potentially involve 65 countries.³² Most of the lending for the initiative will come from the China Development Bank and the Export-Import Bank of China, which already lends more to Asia than the World Bank, but the New Development Bank will also play its part.

The Belt Road Initiative

\$1 trillion in infrastructure is huge. Many have compared the project to the Marshall Plan from the US after the Second World War, but the Chinese initiative completely dwarfs it. *The Economist* calculated that:

the Marshall Plan of the US amounted to \$13 billion between 1948 and 1951, roughly \$151 billion in today's dollars. These were 'handouts' not loans. ... the China Development Bank already claimed to have lent \$180 billion by the end of 2017, and the Export-Import Bank of China \$110 billion by the end of 2016. And the 'project' is just getting started.

³² Afghanistan, Albania, Armenia, Azerbaijan, Bahrain, Bangladesh, Belarus, Bhutan, Bosnia and Herzegovina, Brunei, Bulgaria, Cambodia, Croatia, Czech Republic, Egypt, United Arab Emirates, Estonia, Georgia, Hungary, India, Indonesia, Iran, Iraq, Israel, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Laos, Latvia, Lebanon, Lithuania, Macedonia, Malaysia, Maldives, Moldova, Mongolia, Montenegro, Myanmar, Nepal, Oman, Pakistan, Palestine, Philippines, Poland, Qatar, Romania, Russia, Saudi Arabia, Serbia, Singapore, Slovakia, Slovenia, Sri Lanka, Syria, Tajikistan, Thailand, Timor-Leste, Turkey, Turkmenistan, Ukraine, Uzbekistan, Vietnam, and Yemen.

As much as the US benefitted from the Marshal Plan, China would as well benefit from it, and so would other countries receiving its funding. But concerns about such a megalomaniac project are not light-hearted and also need addressing. Let's focus first on how the project has brought many different countries to one common goal.

The origin of the project lies in a reversal of long-standing Chinese policy to try to keep a low profile in foreign affairs so that it could focus on its domestic affairs. With the project, Xi Jinping hopes to be able to transform China to a wealthy and strong country, both at home and abroad, by 2049. The initiative has in fact at least three huge elements: to improve connectivity on land, on water, and online (this last one has received the creative name of 'digital silk road'). None of them has, however, a strict definition of what belongs to it, and what doesn't. Many Chinese provinces have their own version of the 'One Belt One Road' initiative, making it hard to discern what would have happened had Xi not launched his grand vision on a September 2013 day at Nazarbayev University, in Astana, Kazakhstan. Anywhere that China may find willing partners to build tracks, bridges, and ports could fall under the initiative.

A consequence of all this cash spending is that it has created a backlash against Chinese workers. Locals have perceived the arrival of many Chinese migrants as a threat more than as a boon, launching waves of attacks, in an evident racist manner, joking about the 'yellow peril' or about 'Chinese labourers feasting on their donkeys', as the former journalist and analyst Tom Miller describes it in his book, *China's Asian Dream*.

The backlash may come from a form of uneasy dependency that China has created with the likes of Laos, Cambodia, Sri Lanka, Tajikistan or Kyrgyzstan. They rely on Chinese firms for the construction of their national infrastructure and for their cheap loans, with no strings attached. In Central Asia, China has thrown an 'economic lifeline' to the countries now closer to China than to Russia when it comes to economic matters. Russia's invasion of Crimea may have also helped push these countries closer to the Chinese sphere of influence, even if these countries remain much closer to Russia in the defence realm. In an ad in *The Economist* (last week of June 2018 edition), Hu Biliang, a professor at the 'Belt and Road Institute' took aim at the critics. He explained

that the perception that it may benefit Chinese companies only probably comes from the initial stages of the investment: no one wanted to jump onto the project, and Chinese state-owned companies had to pick up the slack if they wanted the project to move forward. As the Belt and Road Initiative becomes more tangible, risks should go down, and with it, more non-Chinese companies should also feel more comfortable getting on-board. And yet, that China chose to set up two 'international' courts in China to handle any dispute arising with the project is not too comforting. One will be in Shenzhen to deal with maritime issues around the Belt and Road Initiative, while the other will be in the middle of the country, in Xi'an, to deal with land-based issues. We can only guess that China's laws and interests will overrule any other considerations.

With the initiative, China has, however, no military ambitions. It does not intend to 'conquer foreign lands', or as Miller eloquently, albeit bluntly, put it: 'The goal is to create a web of informal alliances lubricated by Chinese cash'. Indians are wary that it may be otherwise and that China is building a 'string of pearls', a nickname that has stuck since a report by the US contractor Booz Allen Hamilton coined it for the US Department of Defense. The string would go across Bangladesh, Myanmar, Sri Lanka and Pakistan, right on India's doorstep.

Some of the further concerns are on the credit risk side. The Asian Infrastructure Investment Bank, amongst others, will lend huge sums of money to countries that would otherwise have struggled to attract financing. Put differently, if other banks had refused to lend to these countries, there must have been reasonable fears that the countries would not be able to repay their debts. Large defaults could negatively impact global financial markets. Or, they could create political backlash in the regions, as China would seize ownership of the infrastructure, as has happened in the past in Sri Lanka.

Between 2007 and 2015, the Sri Lankan government took on \$15 billion of debts, whereas in 2006, Sri Lanka's overall external debt was 'only' \$10.6 billion. China lent the money to build a power plant, an airport, an overhauled port, a new financial district, and an entirely new port at Hambantota. Unlike charging the 'usual' interest rate of under 2% for loans coming from multilateral development banks, Chi-

nese lenders were able to charge an average of 6%, with the highest even going to 8.8%. One of the very few explanations that makes sense of this huge difference is corruption. On top of that, mainly Chinese companies worked on the projects. The projects were not successful. As *The Diplomat*, an online outlet covering Asia reported, ‘the power plant suffered numerous outages’, ‘the airport became the world’s emptiest’, and the Hambantota port was a ‘commercial failure, getting hardly any ships’. The reporters added that ‘commercial failures, meanwhile, meant that insufficient revenue was generated to cover loan repayments, creating distressed assets’.

To compensate China, the Sri Lankan government took a series of measures, including a debt-for-equity swap. In September 2014, China took on a 99-year lease on the port. In January 2015, following elections and the ousting of the former president, Sri Lanka took on new loans, this time at a 2% interest rate to be able to repay their 6% interest rates loans. And in December 2017, Sri Lanka ‘handed over’ the Hambantota port, not only the land ownership but the actual project too, against \$1 billion, corresponding to selling 70% of the port’s equity. ‘With this agreement we have started to pay back the loans’, confirmed the Prime Minister of Sri Lanka, Ranil Wickremesinghe. He also confirmed that the port would not be used as a military base. Strategically, even without a military base, this could still further help China to project its economic power, especially when combining it with other holdings across Asia.

Such a ‘tactic’ – if it really was one – attracted China the name of new colonialists, or ‘creditor imperialists’. It tends to show that it was rather naïve to believe that South-South cooperation – as opposed to North-South cooperation involving the World Bank or the International Monetary Fund – would be somewhat less exploitative. Unfortunately, there are fears that there could be more of these too-generous credit lines from China. A 2018 paper by the DC think tank Centre for Global Development mentions eight countries at ‘particular risk of debt distress’ because of the One-Belt-One-Road project: Pakistan, Djibouti, the Maldives, Laos, Mongolia, Montenegro, Tajikistan, and Kyrgyzstan.

Hu Biliang, the professor at the ‘Belt and Road Institute’ who published a rebuttal in *The Economist* about the project favouring Chinese

firm, also attempted to defend this point about ‘creditor imperialism’ as such:

China has followed the principles of broad consultation, joint contribution and shared benefits, neither enforcing political conditions nor coercing others into deal. Every arrangement is based on voluntary and equal cooperation.

He went on by giving a concrete example with Laos, describing the decision process while emphasising similar values of group leadership theory:

Prior to collaborating on projects, China and its partners conduct a joint assessment on the sustainability, and economic and social benefits of projects in an attempt to avoid risks and potentially negative outcomes for either party. For example, total investment in the China-Laos railway project is \$7 billion, of which \$2.1 billion is funded by the Laotian Government by borrowing a 30-year low-interest loan from the Export-Import Bank of China. According to the deal, the Laotian Government will pay back \$0.1 billion every year. After a feasibility assessment, both countries agreed that such a plan is workable, and even if the Laotian Government is unable to meet the financial repayments, it can instead opt to provide China with potassium carbonate, a common trade item between the two countries, as a substitute for cash. This is an example of how Belt and Road collaboration is premised on the basis of equality, mutual benefit and trust.

Another worry though on the credit side is not related to the borrower’s inherent poor credit worthiness, but rather to the current economic environment of extremely low interest rates. Emerging markets benefited greatly from this era of ‘cheap money’, with many loans made in US dollars. The New Development Bank itself, although, as its document puts it, ‘endeavors to provide loans denominated in the national currencies of its member countries’, still provides US dollar and euro denominated loans. If the US federal reserve decides to increase the interest rates, then this will result in a strengthening of the US dollar (as the interest rate increases, it attracts more investors seeking returns on the dollar, appreciating the value of the currency). This, in turn, will create difficulties for investors to repay their debt, which will have a higher value.

The concerns are important to be borne in mind, but also the change on a geopolitical level that the initiative has signalled. Official

documents of the ‘Belt and Road Initiative’ have been keen to speak of ‘common development’, ‘mutual prosperity’, and of a ‘community of common destiny’ based on the premise of ‘mutual benefits’. That’s a strong insistence on the word ‘common’. Despite the many concerns that the initiative brings, and despite the imbalance of power, in this case tilted towards cash-rich China, the insistence on being a group makes it a prime example for group leadership theory in international affairs. Quoting Miller one last time is also useful: ‘China’s new “empire” will be an informal and largely economic one, posited on cash and held together by hard infrastructure’, he writes. As a reminder, informality, as seen within the BRICS as well, has been a key tenet of the theory. It is still too early to know how the ‘Belt Road Initiative’ will actually pan out, but its development is certainly of interest to watch within the context of the theory.

The G20

Other recent developments in the realm of economic opportunities point in the direction of group leadership theory. The same year as the BRICS emerged as an institution with its first summit, another summit took place, the G20. The G20 has emerged throughout the years as *the* platform to discuss global economic matters. Discussing groups of countries steering economic opportunities without mentioning the G20 would be very odd.

In 2009, the G20 brought together for the first time the heads of states of its member countries, going one step further than ‘merely’ being a meeting for finance ministers and of central bank governors (it was also itself created as a result of the 1998 Asian financial crisis). The transformation of the G20 into a summitry received a much different reaction than the creation of the BRICS, but there are many links between the two groups. The creation of the G20 summit was crisis-induced: more precisely, as a consequence of the 2008 financial crisis against which a global answer was necessary, the crisis having potentially accelerated the creation of the BRICS. (The crisis was the result of too many countries having banks that indulged on collateralized-debt-obligations, a financial product where mortgages were sliced up into

tranches and sold as securities, and which caused the banks big losses when the true value of these products emerged as being close to worthless.)

The BRICS demonstrated their value as a cohesive group more than once to the G20. In 2014, following Russia's annexation of Crimea, Australia's foreign minister, Julie Bishop, floated the idea of barring Russia from participating in the G20 summit planned to take place in her country. The BRICS' answer illustrates perfectly the nature of the Group of 20: 'The custodianship of the G20 belongs to all member-states equally and no one member-state can unilaterally determine its nature and character'. Russia, in the end, stayed in the meeting. Their reasons for standing up for Russia varied widely, and should not be interpreted as support for Russia though. Rather, Brazil is not a strong believer in sanctions after having experienced them itself in the '80s; South Africa and India didn't have any interest in getting involved, especially with China and Pakistan making their own territorial claims on India; and China didn't want to give arguments to separatists in Tibet and Xinjiang by appearing to no longer support its non-intervention principle. (China did make an exception to this principle when it voted twice in the United Nations Security Council against Mummar Gaddafi in 2011, as it sought to protect its 35,000 nationals working in the country; the second resolution led to a regime change in Libya.)

From the very start of the BRICS summit, in 2009, the group lent its weight to the G20 (all the while decrying the 'legitimacy deficits' of the IMF and the World Bank). Their first summit communiqué read:

We welcome the fact that the G-20 was confirmed as the premier forum for international economic coordination and cooperation of all its member states. Compared to previous arrangements, the G-20 is broader, more inclusive, diverse, representative and effective. We call upon all its member states to undertake further efforts to implement jointly the decisions adopted at the three G-20 Summits.

The BRICS kept having a meeting each time prior to the G20 to coordinate their agendas and kept pushing for a reform of the Bretton Woods institutions. The G20 got behind them and in 2010 a reform did come through. China took the number three position in share-

holders' ranking of the IMF, and the other four all had shares within the ten highest.

John J. Kirton – the Toronto-based academic already mentioned in the previous chapter – has established himself as a reference on all G20 matters; he has also had the privilege of having much contact with official representatives sitting at the meetings. His characterisation of the G20 in his book *G20 Governance for a Globalized World* is therefore informative and reveals that he's been an uncommon witness to the dynamics of the group, unlike hardly anyone else outside the closed circle of diplomats. For instance, in his own words:

Internal equality among members produces the sense of responsibility and resources that enhance performance because it is more likely that G20 members will exert dominant influence and assume formal management responsibilities within the broader multilateral organizations in keeping with G20 goals.

Many points in his book consider the G20 as part of the group leadership theory, but a few also speak against it. They will be considered in turn.

While the US is part of the G20, it doesn't 'lead' the group and there is evidence of many initiatives pushed by other countries. Turning the G20 meeting of finance ministers into a summit was at the request of the French President Nicholas Sarkozy. The Canadian Prime Minister Paul Martin had also campaigned for something similar earlier in 2004–2005 (and had called it an 'L20', with the L for 'leaders').

The group dynamic within the G20 can be reminiscent of what we've seen in the previous chapter concerning the Conference of the Parties, with factions building on the side. During the years after the 2008 financial crisis, the US and Europeans did not see eye to eye on fiscal stimulus; Canadians, Europeans and the US on a global bank levy, and emerging countries against the others on imbalances in the benefits of globalisation. Also, similar to the Paris Agreement, the G20's strength emerged on the back of the failure of other international institutions, most prominently the International Monetary Fund, the G8 and G20 (of finance ministers, not heads), and the United Nations. The G20 meeting of finance ministers was not enough anymore, as 'officials [were] saying they needed a political mandate and leaders

[were] saying they lacked the technical expertise to conclude the deal themselves’.

The relatively small number of participants has meant that they could feel as part of an ‘exclusive club’, could have rather frank and personal discussions, and create a bond between each other. Or as Kirton puts it:

G20’s controlled club participation as a network hub; enhance sense of belonging of the non-G8 members to the G20 summit group. They increasingly conceived of the G20 summit as a valued club that they too could soon lead. ... [C]ontrolled participation leaves leaders alone to be leaders with their only peers and desired partners in a club they cherish as their own.

The group takes decision by consensus, and ‘conceptions of interest and identities [are] constructed collectively’. Country leaders are alone with their peers, as a full seat at the table is only reserved for the 20 members. Exemplifying this trait is that ‘individuals were willing to compromise or to give others a bit of room to get an agreement through’ [at the Toronto summit in 2010], Kirton explains. Also representative of this personal atmosphere is Kirton’s description of leaders letting their emotions show:

There were several spontaneous outbursts of applause for their beloved colleague Brazil’s Luiz Inacio Lula da Silva, who would soon be leaving. There were also personal condolences for their politically less loved colleague from Argentina, Cristina Fernandez de Kirchner, on the recent death of her husband.

And yet, as mentioned, the G20 is not a perfect fit for the theory. Competition can be high (for instance to host the next summit, as the host has the advantage to set the agenda), and elbowing each other can be equally as hard. In 2010, Bush described the outcome of the summit in not so honourable terms: ‘I knew it wouldn’t be easy to forge an agreement among the twenty leaders. But with hard work and some gentle arm-twisting, we got it done’. It would seem that at times, ‘gentle’ bullying rather than personal bonding drove results.

Furthermore, the question of membership has been a fraught one. The exclusive club feeling has meant that many countries could not be admitted. Switzerland is not a member, Indonesia was only admitted later, as were Mexico, Korea and Turkey. But few agreed that non-

democratic Egypt should join, and Nigeria and Spain, despite their request, did not gain admission to the G20 summits. But more damning than rejections is that measures had to be applied to determine which countries have the largest ‘economic weight’ – in a way, this is not too far from the arrogance displayed in the quotes in the introduction, where boyish national leaders boast of who has the ‘biggest button’.

According to Kirton, the expert, the G20 has performed best on fiscal stimulus, trade liberalization, and money laundering. It has, on the other hand, performed less well on managing the exchange rate regime, handling sovereign debt restructuring, world income polarization, and financial regulation, where it has delegated those issues to other international economic bodies. It’s a balanced mix.

Other bodies?

There are many more examples of group leadership within the sphere of economic opportunities, even if the topic may not be so popular at the moment. With many discussions stemming from the US, about trade barriers, protectionism, and trade wars, one could have the impression that the thesis of this book has overlooked many factors. And yet: recently the EU has concluded substantive trade deals with Canada, Japan, Singapore, and Vietnam; it has accelerated negotiations with Mexico and Mercosur; and in July 2018, in a big celebration of the ‘world’s biggest trade deal’, it signed a free trade agreement with Japan. Further, the 11 nation Trans-Pacific Partnership, despite the Trump administration leaving it, has moved forward fast, with Australian and Japan taking the lead. Mexico, put under pressure with the renegotiation of NAFTA (North American Free Trade Agreement) has also started pivoting towards other Latin America neighbouring countries. Since 2014, the Pacific Alliance has acted as a low-barrier trading alliance between Chile, Colombia, Mexico, and Peru, four ‘associate members’ and 48 observer countries. Between the four member states, 92% of all tariffs are now gone – a quite substantial amount, and ‘Chile, Colombia, and Peru have linked their stock markets so that a company listed in one of the exchanges can be traded in the other two’, as *The Atlantic* reported in an article provocatively titled ‘The Most Important

Alliance You've Never Heard Of'. There are further plans for a Trans-Isthmus Corridor starting from Mexico and championed by Andrés Manuel López Obrador (this may come to life in the coming years). Also, following the June 2018 G7 Summit, which exposed the discrepancy of the US stance on trade against one of the other six members, there has been much talk of 'trade diversification', basically turning away from the US. This has included South Korea looking at Russia, or the EU looking at trade deals with Australia and New Zealand.

On yet a different continent, in 2018, 44 African countries created an important free trading bloc with the African Continental Free Trade Area. Until then, African countries mostly traded outside the continent (82% of exports are going outside Africa), as large tariff barriers hindered intra-continental trade.

Non-state actor groups (e.g., the Group of 30), associations (e.g., the International Association of Insurance Supervisors or the International Financial Reporting Standards), or other regional development banks are further potent examples of the thesis that group leadership theory has its place in narrating the changes that the world order is going through. Within the G20, the Financial Stability Board also offers interesting lessons on group dynamics, with countries from the BRICS being included at their request.

In the interest of space, it is not reasonable to delve into all initiatives, and I'm sure that many readers will also be able to come up with further examples of their own that embody the theory. A last mention concerning technological development is, however, warranted. As for the other sphere of international affairs, technology is likely to accentuate this trend – a point that the final chapter will further develop.

Blockchain is offering a lot of hope to change how business is conducted. After the success of Bitcoin, which saw a rise from \$3,000 to a height of under \$20,000 within the span of six months in the second-half of 2017, many saw cryptocurrencies as a get-rich scheme. Their potential advantages could go well beyond that, though. Their inherent added value to the current system of transferring funds internationally is to be much quicker. The drawbacks of Bitcoin have so far been: high volatility, which defeats the purpose of either a payment system or a store-of-value, and its anonymity, circumventing efforts to fight money laundering, tax evasion, and other criminal activities. Now, Bitcoin and

many other similar currencies created during the frenzy of 2017–2018 may not ever be very useful, even if they don't necessarily die out. But they have inspired a few interesting projects. Saga is one of them. Saga, launched in Switzerland by big names in the world of finance, including a former governor of the bank of Israel, a US Nobel-prize winning economist, and the co-creator of the Vix index, aims at reducing volatility by linking it to a basket of fiat currencies already existing and managed by the International Monetary Fund, the Special Drawing Rights. Saga also aims at tackling the anonymity issue by allowing authorities to verify owners whenever required. The usual critics apply to the Special Drawing Rights, and hence to Saga, as the Rights fall under the remit of the International Monetary Fund and are allocated respectively to voting shares within the fund. The Rights are heavily biased towards the US, to the dismay of emerging markets. But the overall point to stay aware of here is the cooperation that it has brought together, going beyond only the network effects of the technology.

It is remarkable that despite the weight of the US in the world economy and in setting standards, this chapter could prominently highlight that a new constellation within international affairs is emerging. Speaking of a 'Go' world to express a world without leadership seems remote when considering the aforementioned initiative. Even within the realm of 'hard power', where many sceptics could have had doubts about the applicability of group leadership theory, several developments are noticeable. Countries seek to harness on an informal, and on an equal-footing basis, their willingness to move forward. These developments within the realm of 'hard power' reflect that group leadership theory goes beyond being only a theory.

'Hard power' was defined in the introduction around two components especially: economics, which we have just covered, and military forces. The next chapter delves, finally, into the last one. The sceptical will have a point. The US military spending is so large that collectively aggregating the second to the ninth largest military expenditures of countries still doesn't reach the US level. (This corresponds to taking the expenditure of China, Russia, Saudi Arabia, India, France, the UK, Japan, and Germany). Consequently, the US plays a role in many security hotbeds, threatening global peace, and even recently, amidst much noise about the US pulling out of its international role. It has learnt its

weight to condemn Russia's invasion of Crimea, has stepped up the rhetoric against North Korea, and has deployed limited resources against the Islamic States and in Syria. Regardless of US involvement, other countries have taken the lead in reining in global threats. And they have done so, probably unsurprisingly to the reader by now, as a group.

5 Security

China and the African Union, UNASUR, CEAH, Club de Berne, ISIS

2012 marked a turning year for China's involvement in African security policy in many regards. China had long been wary of remaining sovereign in case of political turmoil at home and had consequently long shunned any form of slight support to interventionist politics – so much so, that it had earned the country the nickname of 'Mr. Abstention'. This year, however, it did a 180 degree turn and introduced the 'PLA UN Peacekeeping Regulations'. One year later, it sent 395 troops to Mali as part of a UN peacekeeping mission – the first time it did so not solely in order to protect Chinese workers. This was also not a one-off experience; it continued sending troops. Chinese President Xi Jinping promised the audience of the UN Peacekeeping Summit in September 2015 that:

China will proactively consider sending at the request of the UN more personnel of engineering, transportation and medical treatment to participate in peacekeeping operations. In the next five years, China will train 2,000 peacekeepers for all countries and launch 10 mine-sweeping assistance programs. In the following five years, China will provide free military aid worthy of 100 million USD in total to the African Union, so as to support the establishment of the African Standby Force and the African Capacity for Immediate Response to Crisis.

He further announced an 8,000-strong standby peacekeeping force. According to China itself, its record was by 2013 already not so bad: it had contributed the highest number of troops for engineering, transportation, and medical support of all the 115 states contributing to UN Peacekeeping missions; it had provided the highest number of troops and police forces of all the five permanent members of the UN Security Council; and it was financing the largest share of peacekeeping costs of 'all developing countries'. In absolute numbers, by 2016, China had deployed 2,639 army personnel throughout Africa in nine peacekeeping missions.

On top of this U-turn, it announced in January 2012, that it would, alone, build and furnish the new headquarters of the African Union in Addis Ababa, Ethiopia – a \$200 million gift. It would also finance language training for employees of the African Union. This momentum continued further. In July of the same year, during the fifth Ministerial Meeting of the Forum of China Africa Cooperation (FOCAC) – a forum launched in 2000, seeking to establish a platform for ‘equality and mutual benefit’, as the Forum puts it, and with summits every three years – the then Chinese President Hu Jintao announced the ‘China-Africa Peace and Security Cooperation Partnership Initiative’. In 2015, during the same ministerial meeting, the Chinese President Xi Jinping stressed this initiative once more, suggesting an upgrade from ‘the new type of strategic partnership’ to a ‘comprehensive strategic and cooperative partnership’. One of the pillars of this partnership would be to ‘remain committed to mutual assistance and security’.

What are we to understand about this ‘mutual assistance’? (In short: an exchange between security for African countries and business for the Chinese.)

Interestingly, for the most part, this partnership does not necessarily take place under the umbrella of one single formal entity. The United Nations may be involved in peacekeeping missions, and bilateral relations may play a role too, as may the African Union at other times as well. The African Union, replacing the Organisation of African Unity as from 2002, has regrouped all 55 countries of the African continent; it takes decisions by consensus, or if that fails, ‘by a two-thirds majority of the Member States of the Union’, according to its Constitutive Act. At its inception summit, member states also decided to set up a Peace and Security Council, modelled on the United Nations Security Council. Launched only in 2004, it follows, however, much more equal premises than the Security Council, with no special veto powers. It has ten members elected for a five-year term, and another five members for a three-year term. In its five first years, it didn’t stay idle and even used its power to deploy forces on the ground. By March 2009, it had ‘held over 180 meetings, issued over 100 communiqués, imposed sanctions against regimes in several African states (including Togo, Mauritania, Guinea and Madagascar), and authorised peace operations in Sudan, the Comoros (three times) and Somalia’, as Paul Williams from

the George Washington University summarises. The scholar also provides further description of its inner workings, echoing much of the group leadership theory:

The PSC's [Peace and Security Council] emphasis on consensus does not present individual members with easy opportunities to use the Council as a platform for grandstanding. Indeed, the closed nature of the deliberations makes it very difficult to pinpoint where the Council's positions originate from. In this sense, the Council operates with a significant degree of collective responsibility, with any rifts among its members generally kept hidden from public view.

The Peace and Security Council is hence in and of itself a fitting example of the group leadership theory. Only finance undermines at the moment the claim of equality: five countries have contributed 75% of its budget since 2006, namely Algeria, Egypt, Libya, Nigeria and South Africa.

As much as China has been involved with the African Union, the Peace and Security Council cannot secure all its interests. China's economic interests are substantial and warrant the country's willingness to protect its investment. A quick tour d'horizon: the trade relation between the country and the continent grew from only \$900 million in 1990 to \$300 billion in 2015 – a 333 times increase in 25 years, a truly exponential growth. Relevant examples include the China National Petroleum Corporation investment in Sudan: until 2012, it was the Company's most profitable venture overseas, with roughly \$5 billion of investment (other Chinese companies had invested another \$10 billion). In fact, Sudan was so important that until 2007, 40% of the company's overseas production came from there, estimated Luke Patey, of the Danish Institute for International Studies. But in January 2012, the company had to shut down due to the conflict with South Sudan for more than a year, begetting a considerable loss for the company. Libya is a similar story. Until the war broke out in 2011 and its long time ruler Muammar Gaddafi overthrown and eventually killed, China had invested roughly \$18 billion in the country, with 75 Chinese companies involved in 50 projects, totalling 36,000 Chinese employees.

In Sub-Saharan Africa, China's 'largest single investment project', according to two other Chinese academics, Wang Duanyong and Zhao Pei, there has been a \$6 billion contract in the Democratic Republic of

Congo called a ‘minerals for infrastructure deal’. The name of the deal should make it clear enough what China’s relation with the continent is. Another deal, worth \$4 billion and signed in 2011, gave the Chinese company PetroTrans the right to explore, extract, and export any gas it might find in the Ethiopian region of Ogaden and export it through Somaliland. A bit south of Ethiopia, in Tanzania – a country with a history with China when its president in the 1960s tried to implement Mao Zedong’s policy of agriculture collectivisation – Xi announced, in 2013, that there would be \$10 billion of funding to build a new harbour on the northern part of its coast, at Bagamayo. Further south, in Zimbabwe, in 2014, China committed \$4 billion to help Mugabe’s regime, as the ruler was trying to raise \$27 billion capital to rebuild the country. \$4 billion came short of Mugabe’s expectations but was a lot of money, considering the context. The previous year, the country’s GDP was at \$11.6 billion, according to official statistics, and it had failed to repay billions of debt – including \$60 million outstanding to China – and no other Western countries or institutions were willing to lend a hand.

Chinese investments haven’t been risk-free. The Chinese government have faced risk of association with governments with dubious human rights and corruption records (as much as China’s own at least), and expropriation risks in countries with instable regimes, weak regulations, little recourse to enforce law, and fewer venues to settle disputes. But arguably, from a pragmatic security viewpoint, the risks faced by its citizens operating in these countries have been major and have justified more intense cooperation between the continent and China – and this could not necessarily occur via a large multilateral institutionalised framework such as the African Union.

Sudan has been a headache for China. At first, it supported unity – considering its own political preference against secessionist movements. But it had to reconsider its stance and hedged its bets as the security situation became dire for Chinese workers, with the independence coming increasingly within sight. In October 2008, armed rebels from Darfur kidnapped nine Chinese employees of the China National Petroleum Corporation and killed five of them. In January 2012, rebels supported by the government of South Sudan kidnapped 20 employees of the Chinese hydropower and construction company Sinhydro. In

May 2015, China had to evacuate 400 workers from the Melut Basin, in South Sudan, due to fighting. Due to such a backlash, China has had to soften its stance and raise its diplomatic game in the region.

Sudan has not been a case apart when it comes to the death of Chinese migrants, though. Also in 2015, three senior executives of the China Railway Construction were gunned down in a hotel in Mali, along with six Russian employees of a cargo company, and ten further victims. In 2012, reports had emerged of beatings of Chinese shopkeepers and miners in Kenya, Senegal and Ghana. Expressions of resentment had equally surged in Angola – where certain estimates put the number of Chinese expats at 250,000 (in a population of less than 29 million). Crimes against Chinese people have also increased in South Africa. Representative of this trend, a Chinese delegation to Tanzania declared during Xi Jinping's visit in April 2013:

In the last three years, there have been a series of robbery incidents which targeted Chinese investors, including a woman who was killed last October. We think the government should consider this seriously to improve the business environment for Chinese and other investors in the country.

That China wishes to protect its citizens can make sense, in the face of the incapability of the host countries to do so. But China's interventionism has also attracted much criticism that China has been carrying out a new form of colonialism (again, on top of the 'Belt and Road Initiative'), exploiting African countries for their natural resources on the one hand, and deploying its military to secure this neo-colonialism on the other.

Possibly to demonstrate that this was not the case, China took the somewhat surprising decision to deploy 395 troops in Mali in July 2013, a country that only conducts small trade relations with China (Mali exported \$200 million of goods to China in 2012, and imported \$307 million from China). The decision to send combat troops to a country that is not linked to Chinese political or economic interests may have tried to soften these critics. The step was in any case quite representative for a country that otherwise regards the principle of sovereignty as fairly binding. Rebellions in Mali have occurred repeatedly, with the first Tuaregs' rebellion against the Malian government probably dating back to the 1960s. Droughts in the following two decades pushed the Tuaregs to relocate to Niger, Algeria, or Libya. In

January 2012, a group of Tuaregs declared the independence of the northern part of Mali, which they called Azawad. The crisis worsened as a military coup ousted the president, allegedly over poor handling of the crisis. Unlike previous rebellions, though, this one included separatists *and* a jihadist group, Ansar al-Dine, which had links to a more well-known group, Al Qaeda in the Islamic Maghreb. France and the African Union sent troops from January 2013, and a peace deal was reached in June 2013 – hence prior to the Chinese deployment. After the summer, however, the rebels maintained that the coalition did not respect the peace agreement and fighting resumed. Another peace agreement was signed in April 2015, but it has not prevented attacks from further occurring. As of March 2018, the UN mission still counted over 15,000 personnel deployed, and the total of Chinese troops was still at 395.

Cynics will see in the partnership between China and Africa little more than the Asian country preserving its own economic interests – a sort of continuation of the BRICS story from the previous chapter. China's first ever produced defence white paper from May 2015 may provide such cynics with powder for their argument: the paper highlights China's global role in defence, to be played along Chinese current and future interests. Yet both the African states and China do profit from the situation, with African states able to draw on another external party for their defence and the maintaining of order. African states' security issues can be roughly pigeonholed into five categories: ethnic or intergroup clashes, radicalisation, managing the 'youth bulge', the natural resources plague, and issues around democratic transitions. Arguably, China is only helpful for the three first ones – but that's still significant.

Furthermore, the self-serving economic interest argument is a bit cheap: states arguably probably never provide defence measures that go against their own interests (and the same goes for alliances in the realm of business, or of climate change). The following harsh description of the United States defence published in *Foreign Policy*, by a former US army colonel, Christopher Holshek, is a neat reminder that the alternative to a form of multilateralism in defence – US hegemony – isn't much better:

The American adventure in unilateralism since 9/11 has been, to put it mildly, less than successful. Over almost a decade and a half, the United States has been obsessed with large-scale, enemy-centric operations that overlook the root causes of conflict; Washington has preferred to rely on a singular solution, rather than turn to multilateral institutions at a fraction of the cost. With the nightmarish outcomes of military intervention in Iraq and Afghanistan still unfolding, the results speak for themselves.

What could be said to matter is the leadership element, epitomised by the action that China undertook. A word of caution is naturally warranted, as the two scholars Zhang Chun and Chris Alden remind us: ‘Given the fact that Africa is a diversified continent with 54 countries and a vast land area of more than 30 million square kilometres, one has to be cautious about drawing any overarching conclusion about the African peace and security situation.’ Despite this word of caution, the key features of the defence framework in which the China-Africa cooperation has taken place remain: it is consensus driven, and there are mutual benefits.

The Chinese-African case is hence useful for two aspects: first, it is an example of group leadership within the context of defence. Security embeds other aspects than just defence, as the rest of the chapter will cover, but this has had the merit of having this fairly narrow focus. Second, it is an example of the theory that highlights its global scope. Defence could still be perceived as a rather regional affair – traditionally it has been the case, with states seeking first and foremost to defend their borders. But the Chinese-African defence partnership shows cases that defence is global, even when taking the US interventionist approach out of the equation. Thirdly, it transcends institutions: it takes place informally (within fora and bilaterally), as well as within the African Union or United Nations framework.

Examples of group leadership theory also come up when looking at regional security alliances – including potent alliances that, again, do not include the United States. This requires, however, expanding the definition of security in order to go beyond the military realm of defence.

Regional security: civil commotion

Let us turn now to South America, with the Union of South American Nations (UNASUR).³³ Created in 2008 after eight years of discussions, the mandate of this group has gone beyond just security to include education, health, environment, infrastructure, and democracy – topics we will not touch upon. In fact, its original focus was ‘infrastructure and physical integration’, a long way from security. Six months after its creation, it adopted a ‘Council of South American Defense’ – although this is not where the most interesting development, even for the topic of security, has been.

It can adopt binding norms, has a small budget of \$10 million, and works by consensus. The consensus rule provides that members have an equal voice in the room, but this hides inequality as to who finances the Union: Brazil (39%), Argentina (16%), Venezuela (12.4%) and Peru (10%) are ahead of their peers.

Its creation purposely left the United States out to try to restrict leverage of the country on Latin America’s affairs – a sort of counterweight to the otherwise much older Organization of American States founded in 1948. It showed distrust, and came mostly as a result of two forces, one independent of the US’ will, and the other not so much. At the end of the 1990s, Latin America underwent a ‘pink tide’ as several leftist governments took on duties: leading the pack were Hugo Chávez of Venezuela (1999), Lula da Silva of Brazil (2003), Evo Morales of Bolivia (2006), Rafael Correa of Ecuador (2007), and Fernando Lugo of Paraguay (2008). At the same time, the US ‘war on terror’ signalled that the US had lost interest in regional cooperation, bar the few topics of illegal migration and drug trafficking.

One of the first testbed events of the Union came in the form of protests in Ecuador in 2010. In September of that year, Rafael Correa made remarks about the cancellation of bonuses and promotions for the police. This quickly escalated as police took to the streets and organised demonstrations – especially lower rank police members, with

33 It regroups 12 members (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay, and Venezuela, with Panama and Mexico as observing states).

more senior officials tending to support the government's policy. Provocatively, the President descended onto the street to the Quito's police headquarters and, as the BBC described it, 'he tore at his shirt while he said: "If you want to kill the president, here he is. Kill him, if you want to. Kill him if you are brave enough"'. Police reacted and fired tear gas at him. Brought to the hospital, Correa declared that he could not leave the vicinity. He called the incident 'a coup attempt' – a reaction that was without much evidence and probably over the top. But the reaction of the Union of South American Nations was telling; they stood behind Correa. On the same night of the event, in an emerging summit, the heads of state established that they would close their border to Ecuador, including shutting down traffic routes and trade, should the events spiral further out of control. They did not, and no shut-down took place, but this showed a strong commitment to stand together.

Member states showed solidarity once more in 2012, this time with Paraguay. In June, the Parliament voted its President out, Fernando Lugo, and not with a slim margin: 76 out of 80 deputies in the lower house and 39 out of 43 senators in the upper one voted for impeachment. The causes for the impeachment were dubious. Lugo, a centre-left ex-bishop elected in 2008, bucked the trend of 61 years of politics when he came to power. For all these years, the country had been under the rule of the right-wing Colorado Party. Although Lugo obtained the top executive seat, he never added a strong parliamentary base: the Colorado Party still had the most seats in both houses and could draw on a much stronger base than Lugo could. Congress based their impeachment of Lugo on five counts of 'poor performance'. As an academic noted, 'there was no mention of corruption, theft, abuse of human rights, violation of the constitution or breach of presidential code'. Venezuela and Argentina called it a coup; Venezuela went further and cut its supply of fuel to the country; Brazil exerted pressure through a powerful lobby in Paraguay, all the while talking about reprisals; the Union issued a statement rejecting the impeachment. And yet, as *The Economist* of that week reminded its readership, 'the actions of Paraguay's Congress were legal and constitutional'. It wasn't really a coup. South America, with the Union of South American Nations, and MERCOSUR, an economic exchange area, still suspended Paraguay's

membership until the next elections were held in 2013, and which saw the return of the Colorado Party to power. ALBA members (Bolivarian Alliance for the Americas) – a group already discussed in the context of climate change in Chapter 3 – also refused to recognise the 2012–2013 interim government.

2012 was a busy year for the Union. As the issue of sovereignty with the United Kingdom about the Falkland Islands emerged again, the member states of the Union of South American Nations decided to block all ships coming into their ports with a Falklands flag. In August 2012, another issue flared up, still with the United Kingdom, this time concerning Julian Assange. At this time, the founder of Wikileaks was in the UK, fighting off a Swedish criminal investigation on sexual crimes which he called bogus, and feared that the investigation would lead to him being deported to the United States and trialled there for the publication of classified defence material. He sought refuge in the Ecuadorian embassy as the UK was closing in on deporting him to Sweden. The UK warned the embassy that Assange could be arrested within the embassy, which Ecuador interpreted as a threat to violate Ecuadorian sovereignty. Here again, the Union's Foreign Ministers met and gave their full support to Ecuador. They passed a resolution indicating that they considered this a violation of international norms and signalled to the United Kingdom that this would mean trouble should they pursue that route.

The group again held together when in 2013, Bolivian's President, Evo Morales, faced issues in Europe. In the summer, Edward Snowden, the infamous spy turned whistle-blower, escaped to Russia. On July 1, Morales was on his way back from a meeting with gas producing countries in Russia, when his plane requested permission to refuel. On the grounds that Snowden might be on board, Italy, Spain, Portugal, and France refused, one after the other. Austria accepted, and allegedly searched the plane – accounts differ here, with the Austrian deputy chancellor claiming that it did, while the Bolivian Defence Minister stated that President Morales had denied entry to the plane. Two days later, the Ecuadorian government asked for the Union of South American Nations to announce that 'this was a clear violation of international norms'. And by this, Ecuador was not vague in what it meant: 'the virtual kidnap of President Morales in various European countries,

who impeded the flying of Bolivia's presidential airplane'. The Union obliged with a statement about the affair on July 4.

Not everything has been bright under the sun for this group, however. As recently as April 2018, six countries – half of all members, in other words – put their membership of the group on hold as they declared that 'the differences between its members' political and economic views are so great it can no longer operate [under the current presidency of Bolivia]'. This divergence emerged as the group was trying to formulate a strongly worded response to Venezuela's crisis that its power-hungry head, Nicolas Maduro, had caused. Bolivia, an ally of the regime, has gone head to head with Argentina, Brazil, Chile, Colombia, Peru and Paraguay over this issue. How the Venezuelan crisis is resolved and whether Maduro manages to hang onto his dictatorship will be crucial in determining the future of the Union.

There have been many more instances in which the Union of South American Nations have proved a staunch alliance in the realm of security. Not all are worth delving into. The Union is a great example of regional security, but also of how group leadership theory applies to the domain of security when understood in other terms than merely military ones. Civil strikes and civil commotions are a large part of it. Another part of security, centred around human security – in opposition to other forms of security, where the *state* may be the recipient of security measures – emerged in the 1990s and is worth considering: the subject of food. The rest of the chapter will then review two other sub-fields of security where group leadership plays a role: intelligence, and 'networked-security' – a term exclusively used by one and one state only so far: Iran.

Security extended: food security

Under the presidency of Lula da Silva (2003–2011), Brazil managed to steeply reduce its number of people suffering from hunger. A report by the Food and Agriculture Organization, a United Nations agency, puts the figure of the reduction at roughly a third. In 2009, though, 30% of households in Brazil, representing 66 million people, still 'faced some degree of daily food insecurity', according to Oxfam, a UK-based char-

ity, quoting numbers from the government of Brazil. In October 2013, according to the Food and Agriculture Organization, 13.5 million people faced food insecurity in the country.

Brazil raised the profile of the hunger issue when it introduced a new law in 2006 – Organic Law for Food and Nutritional Security – which forced the involvement of high-level elected officials, the creation of offices and coordination units. This ensured commitment. In 2009, they introduced another law aiming at institutionalising school feeding at the federal level, but the main issue in Brazil was having too little income to be able to buy food. Lula focused on economic growth and involved the civil society. Two programmes played a big role. *Fome Hunger* ('zero hunger') sought to give poor individuals food and water, but in addition to small credits and support for small-scale farming. The other programme was the *Bolsa Família* ('family grant'), a programme providing direct cash to families, provided that they vaccinated their children and schooled them. Brazil also drew on support from the civil society and international organisations, such as the Food and Agriculture Organization.

Interestingly, Brazil got involved in different initiatives to help other countries by sharing their experience. Lula set up several dialogues and became vocal in forums. Already in 2003, Lula called in Davos for increased aid to tackle world hunger, and in 2004 he launched, with 111 states, the 'Global Action Against Hunger and Poverty', a humanitarian agency. More recently, in 2009, during the African Union summit, Lula launched the 'Brazil-Africa Dialogue on Food Security, Fight against Hunger, and Rural Development'. Besides dialogue, one of the most significant developments must have been the Centre of Excellence against Hunger (CEAH), set up with the World Food Programme, again another United Nations agency, in 2011. The Centre involves a wide range of Brazilian agencies (among others, Cooperation Agency ABC, the Ministry of Social Development MDS and the Secretary of Food and Nutritional Security SESAN). The World Food Programme describes the Centre as:

[T]he Centre draws on Brazilian experience to share knowledge and policy innovations among developing countries. Primarily focused on linking school meal systems to local agriculture, it provides technical assistance to national governments to design, improve, expand, and eventually run

their own school feeding programmes. [It] provides broader technical assistance in nutrition, smallholder agriculture and social protection.

The Centre has facilitated governments to visit Brazil, usually for around 10 days, to learn about its various initiatives. Not only federal and central government officials have been able to take part in such visits, but local and regional officials as well. After the visit, officials are brought back to the Centre and encouraged to draft action plans around the idea of promoting 'local food purchases and family agriculture.' Countries can then further request technical assistance to implement their plan. Gabriela Marcondes and Tom De Bruyn, two academics based out of Belgium, provide figures for 2011–2014: 30 countries visited the Centre in Brazil and 12 of these obtained technical support.³⁴ Based on the Brazilian experience, Mozambique, Malawi, Mali and Rwanda have been implementing school feeding programmes. The countries span Latin America and Africa, as well as Asia. Many contextual factors will still differ between the countries taking part in the Centre's programme and this is naturally not a one-off magical solution, merely one example of South-South cooperation. Further similar initiatives have then emerged, even within Brazil, with various funds or extensions to the Centre. In 2012, Lula's replacement, Dilma Rousseff, launched yet another programme in cooperation with the Centre – the Purchase from Africans for Africa Programme, with five countries receiving humanitarian assistance (Ethiopia, Malawi, Mozambique, Niger and Senegal) and five further countries technical assistance (Ghana, Rwanda, Zimbabwe, Kenya, Ivory Coast).

The over-arching themes and arguments that such programmes help highlight is that even in the face of scarce *vital* resources, governments do not come head to head with one another but manage to co-operate. This goes against much popular thinking. Food and water scarcity provides ammunition by not undermining group leadership theory, but supporting it.

34 In 2011: East Timor, Mali; in 2012: Guinea-Bissau, Malawi, Rwanda, Niger, Guinea Conakry, Ghana, Senegal, Haiti, Bangladesh, Mexico, Republic of Congo; in 2013: Ethiopia, Zambia, Cote d'Ivoire, Burundi, El Salvador, Philippines, Lesotho, North Korea, Nigeria, Honduras; in 2014: Togo, Benin, Gambia, Tanzania, Pakistan, Tunisia.

In 1985, the Egyptian United Nations Secretary, General Boutros Boutros-Ghali, famously stated that ‘the next war in the Middle East will be fought over water, not politics’. A series of high profile officials has repeated this thinking. In 1995, Ismail Serageldin, a former vice president of the World Bank, stated that ‘the wars of the next century will be over water’. In 2001, Kofi Annan, former United Nations Secretary General, similarly mentioned that ‘fierce competition for freshwater may well become a source of conflict and wars in the future’. A key influential academic study took up the topic and looked at it more closely. Sponsored by UNESCO, the United Nations Educational, Scientific and Cultural Organisation, and published in 2003, Aaron Wolf and colleagues at the Oregon State University in the United States reviewed 1,831 events occurring between 1948 and 1999. Over all these incidents, they found that ‘cooperative events are more than twice as common as conflictive events – there are 1,228 cooperative events (67.1 percent) and 507 conflictive events (27.7 percent)’. Their conclusion deserves to be cited in full:

Water acts as a unifier. The historical record shows that water disputes do get resolved, even among bitter enemies, and even as conflicts rage over other issues. Some of the most vociferous enemies around the world have negotiated water agreements or are in the process of doing so.

And Wolf gave more nuance and more explanation as to it:

The Mekong Committee has functioned since 1957, exchanging data throughout the Vietnam War. Secret “picnic table” talks have been held between Israel and Jordan since the unsuccessful Johnston negotiations of 1953 to 1955, even as these riparians until only recently were in a legal state of war. The Indus River Commission survived through two wars between India and Pakistan. And all ten Nile riparians are currently involved in negotiations over cooperative development of the basin.

Wolf’s research, as a matter of fact, showed that the spectrum for cooperation is wide. It’s not a black or white debate. The number of hotspots is not what is missing, between the Nile, Mekong, Tigris, Jordan, Indus, Ganges, and Amu Darya, but conflict around distribution or management can take place within a wide cooperation framework, or the other way around. Treaties, the pinnacle of cooperation for some, are not necessarily implemented to the letter. And a state-level agreement may also not be the most representative for local issues.

Naturally, as often in science, other studies found contrary evidence. One of them from 2006 is from Nils Petter Gleditsch from the Norwegian University of Science and Technology. Gleditsch concluded that ‘countries that share rivers have a higher risk of military disputes’. And yet, the study admitted that no wars over freshwater had taken place during the period under review and that ‘one has to go back 4500 years to find the single historical example of a true “water war”’ (an incident between two Mesopotamian cities) – a pretty damning (if not ‘damming’) admission.

A consensus has emerged around Wolf’s research, but that still hasn’t prevented the reasons for the recent civil war in Syria, which started in 2011, being mis-regarded. High-level officials linked it to droughts and water issues. The then-President Barack Obama mentioned that change-related drought ‘helped fuel the early unrest in Syria, which descended into civil war’. Then Secretary of State John Kerry, presidential candidate Bernie Sanders, and the British royal, Prince Charles, all made similar allegations. And yet, researchers found spurious evidence for the three links that such a statement raises, namely ‘that anthropogenic emissions of greenhouse gases contributed to Syria’s drought; that this drought led to large-scale migration; and that this drought-related migration was an important factor in Syria’s early unrest’.³⁵ They found that the drought from 2006–2009 did cause a migration wave within Syria, but not to the extent to which the media tended to portray it. More importantly, they pointed out that none of the political demands were ‘related directly to either drought or migration’. They focused instead on demands for political reforms of the authoritarian system and on the release of political prisoners.

Stories about Brazil cooperating with African states and cities on food scarcity, as much as the more general argument that cooperation is prevalent on water sharing issues, go against the general idea of a Go world. They show that cooperation and leadership do indeed still take place, and thus even within the confine of a niche within international affairs. Granted, Brazil’s initiative can *a priori* look more like a teacher-pupils relationships than one of equals, as the group leadership theory

35 Jan Selby, Omar S. Dahi, Christiane Fröhlich, Mike Hulme, 2017. ‘Climate change and the Syrian civil war revisited’, *Political Geography*, 60, 232–244.

poses, but as mentioned earlier, Brazil still has much work to do to alleviate hunger and is also keen to learn from the experience of others – putting the country rather on the same level as other rather than elevating it on a high pedestal. The same applies for water cooperation in general: a certain sense of being on an equal footing is necessary for both parties to come to the table; otherwise, they would not see what they would gain in trying to cooperate.

As mentioned earlier, security can have many definitions and it is appropriate in our investigation of group leadership theory applying to the domain of security to go back to the object of security as being the state – as opposed to humans. Within the field of ‘intelligence’, evidence of group leadership and collaborations are also found, even if they are not always for ‘the greater good’, or what liberal democracies would label as such at least.

Intelligence

Cyber security is one of such sub-fields where alliances have formed to protect the state, but against the interests of the West, too. Two countries have been particularly active in this field: Iran and North Korea, both targeting high profile and well mediatised targets. Iran was highly likely behind a 2012 attack against the oil giant Saudi Aramco, which brought down one third of the company’s entire computer fleet within one day, leaving oil sales to go back to being conducted with pen and paper. In 2013, on the other hand, North Korea probably launched a similar destructive attack, simultaneously impairing computers at three South Korean TV stations and a bank. The following year, the hack of Sony Pictures – the first hack a US President, Barack Obama, attributed to a country – may have been motivated by an attempt to prevent the release of a comedy movie, *The Interview*, depicting a US recruited agent assassinating the North Korea leader. More worrying, in 2016, North Korea, allegedly, was able to steal \$81 million by misusing the international payment system Swift. The hackers went for nearly \$1 billion by hacking into a Bangladesh bank, requesting funds from the bank detained by the US Federal Reserve to be transferred to other accounts, and they almost got away with it. After transfers had already

started, an analyst at the Federal Reserve in New York noticed a typo: some of the funds were to be transferred to the 'Shalika Fandation'. That triggered the Fed employee to carry out further checks and to stop the transfers. Some of the funds were able to be retrieved, but \$81 million had still gone missing quickly, through a clever and complex involvement of casinos and other 'shenanigans'.

Since the 2012 Aramco hack, the Iranians have kept a lower profile, although many cyber security analysts have noticed that their expertise and competency have been growing. The number of attacks that analysts suspected Iran to be involved with was slowly growing. Worrying for security analysts was rather when espionage attacks took place, which stealthily siphoned data out of an organisation. Behind the scenes, something seemed to be happening between Iran and North Korea.

As is often the case with anything related to intelligence, it is difficult to have definite proof of anything – the same applies to the real nature of the sponsorship of the aforementioned cyber attacks. Yet, a report by the *New York Times* in October 2015 left many people in a cold sweat. The report mentioned that North Korea, 'learning from Iran, [had been] growing bolder'. It quoted Robert Hannigan, the former British head of Government Communications Headquarters (GCHQ), the British equivalent of the NSA in charge of signal intelligence: 'We have to assume they [the North Koreans] are getting help from the Iranians'.

Alliances in cyber security between two illiberal countries do not stop there. Zimbabwe, a country ruled for forty years until November 2017 under the dictatorship of Robert Mugabe – a man who called himself the 'Hitler of the time' – is allegedly partnering with China, Russia, and Iran in order to raise their game in signal intelligence. News reports from March 2018 indicated that the three partners would help Zimbabwe ramp up its surveillance apparatus. Legally, Zimbabwe has already very little restrictions or checks in place. The former intelligence minister, Didymus Mutasa, once mentioned that the 'government sees everything':

We have our means of seeing things these days, we just see things through our system. So no-one can hide from us, in this country. Even in cabinet, I tell them what is happening everywhere, but we are not in the habit of ex-

posing people just like that, we preserve your privacy. [...] Secrecy still binds me, from when I was minister. But of course you know that some waiters in hotels work for the CIO. Your phones are listened to a lot. The CIO is huge. It produces many reports. From the UN there will regularly be a report. A report about the British or India. Not very good reports really. I had to read them. They made me tired.

Technically though, the country would need some help. China and Iran would both sell technology related to surveillance of telecommunications, such as spyware for mobile phones, while Russia would rather sell military technology related to radar.

Naturally, not all alliances within the underworld of intelligence are evil. Readers may recall the latest James Bond, *Spectre*, with its infamous ‘Nine Eyes Committee’ (based on the Five Eyes bringing together Australia, Canada, New Zealand, the UK and the US) trying to introduce an automatic sharing of all information. European intelligence services do have a similar platform – minus the evilness: the Club de Berne. Not much is known about the Club, but former insiders have given hints here and there of what it does and how it works. We know that it doesn’t only include members of the European Union, but Norway and Switzerland as well. We know that it started with nine members in the 1960s (some authors put the first meeting in 1971), and that in 2010, it had 17 members and growing, with the expansion of the European Union. The former Director General of the UK Security Service (MI5), Stephen Lander, also gives more details:

Heads of service meet twice a year and working groups cover various aspects of security business. Most years, exercises test surveillance handover arrangements across borders and young agency staff attend training courses managed country by country on a rotating basis. Intelligence is routinely shared through a secure network managed by the UK.

Not only heads meet though, if we are to believe Stéphane Lefebvre, a former strategic analyst at the Canadian Department of National Defence: ‘Informal contacts also take place among smaller groups’. MI5’s former boss, Lander, also provides more colour on this informality:

The value of these institutional arrangements lies, not critically in the information exchanged at meetings, though that has been valuable on some practical issues, but in the mutual confidence and understanding and the personal friendships that they bring. Without that institutional history much of the cross-border operational collaboration in Europe of the last

twenty years would have been inconceivable, given the differences of approach, powers and competence of the various services.

There is no reason to believe that within this intelligence-sharing group, not all members have a roughly equal seat at the table, despite differences in their capabilities. Lastly, we know a few topics that the Club touched upon, including, according to Lefebvre, ‘terrorism, communications interception, encryption, and cyber terrorism’.

The mix between terrorism, technology, and globalisation is a prime topic for group leadership theory. If the work of the Club de Berne is very secretive, other alliances – less formal and happening outside a ‘structure’ – have been a lot more visible, notably when they have involved killing. Consider what happened in April 2018, a story that goes far beyond globalisation alone: the United Arab Emirates, using a Chinese-made drone, killed a ‘rebel’ leader in Yemen, while Saudi Arabia claimed responsibility for it. Yemen has been in a civil war since 2015, opposing the Houthis rebelling against the government. The Houthis are backed by Iran, while Saudi Arabia backs the exiled government. The Houthis have fired a couple of missiles at Saudi Arabia, and analysts think it is unlikely that the rebels could have manufactured the missiles themselves; they hence most likely originated from their sponsor. The United Arab Emirates, meanwhile, has sought to establish itself as a prime partner for counter-terrorism. In Yemen, it has ‘invested heavily in military aid to coalition-backed forces’, and ‘constructed various security units, seen as proxy forces by the United Nations, to fight al Qaeda’, as summarised by *Foreign Policy*. But when United Arab Emirates’ troops killed the Houthi leader, Saleh al-Samad, the president of the Houthis’ Supreme Political Council, this was part of a Saudi-led coalition and the Saudis made it look like that this was retaliation for earlier missiles directed at Riyadh. ‘The response to him was a direct hit under the leadership of HRH Minister of Defense’, the Saudi Ambassador to the United States tweeted. Yet, the intelligence about Saleh’s movement and the operation itself originated from forces from the United Arab Emirates.

This battle on Yemeni ground, and the jousting for reconnaissance in the fight against terrorism, is not new. It follows, in fact, other announcements about an alliance, made first in 2015, with a first meeting in 2016, and revitalised with great pomp in November 2017: the Islam-

ic Military Counter Terrorism Coalition. A full one-page ad in the *Financial Times* edition of November 24, 2017, announcing the alliance, made it clear that this is very much a public relations coup. In 2016, as per the website of the Coalition, the countries affirmed ‘their determination to intensify efforts in fighting terrorism through joint work according to their capabilities, based on the desire of each member country to participate in operations or programs within the IMCTC [Islamic Military Counter Terrorism Coalition] framework as per its policies and procedures, and without compromising the sovereignty of the Coalition member countries.’ The Islamic Military Counter Terrorism Coalition has been supposed to regroup a total of 41 countries, and is mostly a Sunni coalition, fighting terrorism mostly in Islamic countries.³⁶ Very little further information on the alliance has emerged, though. It is hence not possible to assess whether it has been effective and whether it will live up to its public relations stunt. The will to come together and to lead together is, however, very much noteworthy, amongst the talk of leadership and partnership crisis. The prominent role of Saudi Arabia in setting up this coalition, headquartered on top of this in Riyadh, is not in question.

‘Networked-security’

While the Islamic Military Counter Terrorism Coalition was set up, the Islamic State (also going under the name of ISIS, or Daesh), with its barbaric and graphic methods, was raging in the region. The Islamic Military Counter Terrorism Coalition was not focusing on fighting the Islamic State only, but that was definitely part of the response. Yet, as a Pakistani general, Talat Masood, stated in an interview:

36 Afghanistan, Bahrain, Bangladesh, Benin, Burkina Faso, Brunei, Chad, Comoros, Côte d’Ivoire, Djibouti, Egypt, Gabonese Republic, Gambia, Guinea, Guinea-Bissau, Jordan, Kuwait, Lebanon, Libya, Maldives, Mali, Mauritania, Morocco, Malaysia, Niger, Nigeria, Oman, Pakistan, Palestine, Qatar, Saudi Arabia, Sierra Leone, Somalia, Senegal, Sudan, Togo, Tunisia, Turkey, Uganda, United Arab Emirates, Yemen. Iran, Saudi Arabia’s ‘arch-enemy’ and a Shia country, is notably absent.

The coalition gives an impression that only Sunni countries are in it; that simply makes it a sectarian group rather than a real anti-terrorism alliance... They should also have included Iran as a major power against Daesh and also some main victims of the terrorist group (Iraq and Syria) so that it could be helpful and being considered as a sect-neutral alliance

It is hence understandable that Shia countries, most notably Iran, also sought to engineer a response to the Islamic State. Their answer echoes much of the group leadership theme of this book: networked security.

In an opinion piece, again in the *Financial Times*, the Iranian Foreign Minister, Mohammad Javad Zarif, penned the contours of this concept in January 2018. He lamented that 'the idea of collective security is now defunct', especially as states have different interests, but he thinks that these can be put aside, and that states of all sizes can still come together, which is a key premise of group leadership theory:

Equally, being premised on inclusivity, it acts as a firewall against the emergence of an oligarchy among big states and allows smaller states to participate.

Zarif also put a strong emphasis on respecting sovereignty, reading the situation as almost fearful that other states (Saudi Arabia? United States?) would intervene in its domestic affairs:

The rules of this new order are straightforward: common standards, most significantly the purposes and principles of the UN Charter, such as sovereign equality of states; refraining from the threat or use of force; peaceful resolution of conflicts; respect for the territorial integrity of states; non-intervention in the domestic affairs of states; and respect for self-determination within states.

The concept is still imprecise and Zarif tried early to counter critics who would call it 'utopian' – probably the same critics that would raise their voice against the core concept delivered in this book. Zarif answered these critics by saying that this 'is the only realistic way out of the vicious cycle of relying on extra-regional powers, exclusionary alliances and the illusion that security can be bought with petrodollars or flattery'. Understanding what this means would involve delving a bit further into Iran's role in the region – a huge complex topic with enough material for a book on its own.

But still, Zarif's piece came at a particular time. Six months earlier, in June 2017, after years of trying to strike Iran and having the country

as one of its top three targets, the Islamic State had finally succeeded: they attacked the Iranian parliament and the mausoleum of Ayatollah Ruhollah Khomeini. Luckily, the attackers didn't make it to the room where members of parliament were holding their session. But the twin attacks still left 16 dead, including the six assailants originating from a Sunni minority group from Iran. The Islamic State was quick to claim responsibility for the attacks.

Since 2014, Iran had been heavily involved in trying to counter the threat of the Islamic State in Iraq, and to a lesser extent, in Syria. Iraq bordering Iran made the threat a lot more pressing than in more remote Syria. The *Washington Post* reported at the end of 2014 that Iran had spent more than \$1 billion in military aid in Iraq – a big chunk of money for a country with an annual military expenditure of roughly \$10 billion. The relations between Iran and Iraq had already been on an improving path in the past decade, a winding road for the two countries, where memories of the 1980–1988 war are still fresh in many people's memories. According to the two scholars Diane Esfandiary and Ariane Tabatabai, by 2010, 'the two countries had signed more than 100 cooperation agreements'. The two scholars go as far as claiming that 'for the first time in almost half a century, Iraq was a friend, not a foe, to Iran'.

After the attacks, there were reports that Iranians had deployed force in Iraq, although Iranian President Hassan Rouhani has denied it. The Iranians still notched up their counter-terrorism efforts domestically, especially in Sunni-majority areas, and actively engaged in strikes against the target of Islamic State in Syria. Still according to the two scholars Esfandiary and Tabatabai, Iran also 'began to engage with its regional rival, Saudi Arabia, on mitigating the threats posed by ISIS' and made vague statements about the possibilities of working with the United States. In high likelihood, this is what Zarif had in mind in his piece about 'networked security' when he mentioned that even countries 'with historical rivalries' should come together to 'contribute to stability'.

The United States has also been involved in the fight against the Islamic State, but they have tried to 'keep a light footprint' and a 'hands-off' strategy. They put up a large coalition of 70 states, with a mouthful of a name, the Combined Joint Task Force—Operation Inherent Re-

solve. By 2017, according to figures from the US Department of Defense, the US had 5,200 military personnel in Iraq and around 2,000 in Syria.

But tellingly, the United States was absent at a key summit in April 2018 – although not about the Islamic State per se, but about the never-ending war in Syria (which started in 2011). Present were Iran, Russia, and Turkey; the interests have been complicated and inter-twined in Syria, even more so than in Iraq. A title from the *New York Times* from February 2018 packed this complexity very well: ‘For 8 Days, Syria Felt More Like World War III’. Turkey and the US opposed each other (over the Kurds, rather than over Assad, the still de facto ruler of Syria), although both are members of the North Atlantic Treaty Organization (NATO); the US opposed Russia (Russia still being a strong supporter of Assad), and Israel opposed Iran (the usual here). That Rouhani, Putin, and Erdogan, respective heads of state of Iran, Russia, and Turkey, met to discuss the end to the Syrian conflict without inviting the US should be telling of flexible alliances, proof of leadership, and in the absence of a single leader, even of group leadership.

Last remarks

In a world without leadership, especially US leadership, Ian Bremmer, a very vocal proponent of the view of such a GO world, described US allies as being ‘weaker’ and ‘less coordinated’. To the extent that Saudi Arabia, Turkey, Brazil, and many African and European countries count as US allies, this chapter has tended to show that Bremmer’s view wasn’t correct. Worse even for Bremmer’s argument, even non-US allies have proven to be able to show strong concerted effort. If there is an absence of leadership in security from the US, this hasn’t translated into an absence of leadership in the world, in other words. This applies for the many different facets of security: be they regional (as in the case of Latin America), global (as in the case of fighting hunger, or the Islamic State), narrow-focused on defence (as in the China-Africa case) or more widely understood in humanitarian terms.

The breadth of security topics has meant that the book could not indulge in treating any particular one at great length; it has rather fo-

cused on showing the many different examples that come when trying to counter the Go thesis – and to promote the group leadership theory example. Even more examples were left aside, for instance the European defence project (PESCO), which France has lately been taking a more active role in shaping. Hopefully, the reader can forgive the writer for this choice of breadth over depth, and hopefully, the reader would be a tad more convinced, by now, that the Go world is a myth – not only for the security domain but for a wide area of other topics of global relevance.

6 A Caveat

‘He who predicts the future lies even if he tells the truth’, proverb

2012–2013 was a decisive point. In 2012, the political scientist Ian Bremmer published his book about the Go world, a world without leadership. Unfortunately for Bremmer, what followed did not support his argument. Countries started bundling up together (AILAC, LMDC, for instance); China announced its Belt Road Initiative and, unrelatedly, bestowed a \$200 million gift to the headquarters of the African Union; the BRICS announced the New Development Bank; and the Union of South American Nations (UNASUR) was created; UNASUR could show its relevance in the crises related to Paraguay, the Falkland Islands, Julian Assange, and Snowden. And this was just the beginning, with a trend that has continued.

What is interesting about a theory of international affairs is much less the theory *per se* than the consequences that actors and businesses can draw from it. In light of Bremmer’s wrong assessment, it is equally important to manage expectations as to what any theory can deliver for the future. The book shouldn’t make false promises of what can be deduced from group leadership theory. Therefore, before delving into what a world order shaped by group leadership theory will mean, a digression is necessary: if group leadership theory has been representative of the past couple of years, to what extent can it really tell something about the future? Or, in other words, to what extent does it run the risk of being as wrong as Bremmer’s Go world?

This simple question raises a bunch of other ones. Predicting where politics is going in order to manage better the change that it could create is what political risk units and consultancy firms are busy doing. Are they successful at all? If yes, how? Can we follow this recipe for group leadership theory?

This chapter will make a very specific argument: yes, it is possible to predict political changes and risks to some extent, and analytic tools

are one way of doing it. But as necessary is the capacity to rely on emotions, and much more controversially, on luck. Many unfortunately downplay this luck factor when considering predictions. Although luck takes away some of the credit that companies and their analysts would like to receive, delving into a few case studies makes it quite apparent that it has been sometimes a significant factor. But let's start with the less controversial tool of scenarios.

Analytical tools: scenarios

Scenarios are an all-time appreciated tool in political risk analysis. The oil giant Shell stands as a prime exponent of the tool: it has been very vocal in disseminating the use of scenarios. This is probably because they started so early, in 1965, with a new unit called 'Long Term Studies'. They were, however, not the first ones. As the two former Shell employees Angela Wilkinson and Roland Kupers relate, having researched the topic and explained it in a book, Shell executives had just had a lunch with their Exxon peers. The Exxon executives explained to the Shell executives how they were looking at the year 2000 and trying to work out what the consequences of a nuclear war would be. Shell decided to follow their line of thinking. To do so, they pulled over to their headquarters a French man with a very strong personality, Pierre Wack, who would come to be known as the forefather of scenarios. Wack contributed a lot throughout the years to scenarios becoming more accepted, and even popular.

When Wack started, Shell employees were in a way trying to forecast, but using quantitative methodologies. They regarded Wack and his team as a bunch of lunatics. Throughout the years 1971 to 1973, they refined their way of reaching management with their warnings, until they struck a correct prediction. In early 1973, the team warned 'of a sharp rise in prices resulting from increasing oil scarcity, which may take place at any moment in the next few years.' They thought this would occur in 1975 – but it came even earlier, in October 1973. This seemed to have strengthened the credibility of the group. It allowed them to be more listened to when they would go around the company and talk with managers. As Wack claimed later, the 1973 correct pre-

diction helped the company be ready when slow growth hit Shell in the 1980s. Since then, the cult of scenarios has been second to none with many companies adopting this ‘method’. The cult around Wack is also noteworthy, with even a library at the University of Oxford under his name, the Pierre Wack Memorial Library. Wilkinson and Kupers wrote that ‘many of the earlier published materials on Shell scenarios support the claim that Shell has performed better because of its scenario work’.

And yet, there are a lot of reasons to doubt this success and the myth that has surrounded scenarios. Firstly, Shell is a huge company; convincing managers to change a course of action for an important measure requires a strong argument (which scenarios do not provide) and internal political capital in order to garner support. Steering the company away from projects because a few analysts *believe* that the future is going to be one way or another will be hard to justify. Especially as scenarios present a set of possible outcomes, management may find it difficult to take a decision when presented with three types of scenarios: ‘more of the same, but better; worse (decay and depression); and different but better’ – all is possible, in other words. A quote from Wilkinson and Kupers’ book is rather illustrative of how difficult it is to be convincing. The scenario team once put out a memo describing that ‘oil would shift in favor, dramatically, to the Middle East producing countries’. The team heard back from the recipient: ‘This is very interesting. We are convinced (heavily underlined) that the producing Arab states will never get together, and therefore, thank you very much’. If the scenario team got this one right with the creation of OPEC, they also had many other misses. As a former economist for 20 years at the company, Michael Jefferson, describes, they thought that OPEC would not stay around for long (Jefferson also questioned further the consistency of the warnings). Peter Schwartz, Wack’s successor at Shell, who also went on to try his luck with his own consulting firm, also registered a number of important misses, giving us a valuable peek into how much the method could have been useful. In 2003, he published a book, *Inevitable Surprises*, in which he sought to identify what would be predominant forces that could shape the future. He did foresee a coup in Egypt (which happened in 2011), but he also forecast one in Pakistan (which hasn’t happened so far, at least). He saw stability of the European Union – which Brexit undermines – and doubted that

opposition to globalisation would become widespread – which Trump’s election contradicts. The list could go on with Schwartz being right about the refugee movements, but not about Russia joining the European Union. The overall point is: being right systematically, even with scenarios and with years of experience in this field, is far from a given – and is actually more human.

Secondly, further highlighting why we should do doubt scenarios as a prediction method, the difficulty in convincing can explain why actual evidence of scenarios having any impact is scarce. Schwartz admitted, for instance, what the consequences were of Shell foreseeing the decline of oil prices: ‘only Shell was prepared emotionally for the change’. Arguably, a mere emotional preparation for an event is almost irrelevant. Shell’s website indicates that it still had to adjust once the price fell in 1985 from \$31 per barrel to \$10. Once an event has taken place, and once many uncertainties have been removed, concerning whether the event would occur at all, it is much easier to carry out a well-founded analysis on what steps the company should take next. The complexity and time involved in creating scenarios might, in the end, be better invested in undertaking other tasks; doing nothing and leaving it to fate may not be as terrible as it sounds.

Thirdly, there has been a large distortion of what scenarios are about. Despite Wack’s success in correctly predicting the oil supply squeeze of the 70s, scenarios were never intended for predictions. Wack didn’t care whether the prediction would be correct or not, nor did Schwarz. Both agreed that ‘scenarios are not predictions’ but they are about ‘perceiving futures in the present’, as Schwartz writes. Scenarios serve, rather, two other purposes: they were intended to help understand the present more clearly by fleshing out underlying assumptions; and probably more importantly, they were intended to be door openers for conversations with management and with external stakeholders, such as government officials. The record for these two purposes is much stronger than for scenarios as a prediction tool – and should probably be interpreted that way.

Besides Shell, another example often crops up in the discussion to point out the usefulness of scenarios – an emotional case, as it relates to 9/11, during which the protagonist, Rick Rescorla, died. Following his death, many accounts have elevated him to the rank of hero, which

has made it difficult to have a sober assessment about his genuine contribution to the use of scenarios. Rescorla was the vice president of corporate security at the bank Morgan Stanley when the two planes hit the Twin Towers. He had served in the Vietnam war, then as an intelligence officer in Cyprus, and had subsequently gained a law degree. As much as Wack, Rescorla had a charismatic, strong, stubborn and vocal personality, but was calm and selfless in time of crisis. This would serve him well, as his ideas were not well received.

When he joined the bank, he pushed Morgan Stanley into having their offices moved away from the Twin Towers: he thought that the next attack on the World Trade Center, following the attack in 1993, would take the form of a plane hitting the towers. He had a certain credibility. During the Gulf War, he had predicted that an attack on the World Trade Center would come from a truck bomb – which it did in 1993. But Morgan Stanley couldn't move their offices because of an ongoing lease agreement. Rescorla decided then to stubbornly hold regular mandatory evacuation trainings. His regular exercises very much annoyed traders and high-level executives who had to leave their desks for a few minutes and couldn't work as they wished. He pushed them around anyway, and they still followed his orders. When the planes hit the towers, Rescorla's work paid off. He is credited with saving 3,700 employees. Only six of Morgan Stanley's employees died that day. Yet, it is similarly unclear and impossible to answer to what extent the regular exercises genuinely contributed to their successful evacuations. Without seeking to diminish the man's legacy and his courage to save many lives at the cost of his own, it is notable that a further 13–15,000 people successfully evacuated the World Trade Center that day; the vast majority of these people had not undergone any regular evacuation training.

Certain caveats concerning the usefulness of scenarios are therefore appropriate. Both examples show that individual traits appear to play a role in running scenarios in a successful fashion (iconoclastic individuals going against mainstream thinking and still appearing confident about it). If scenarios are, however, not about correctly predicting even the general direction, but really about fostering preparedness and discussions, their relevance for this chapter is then somewhat weak. Better turn to other factors, then.

Analytical tool: expertise

Two works have had a major influence on the question of prediction of political events, and they stand largely at two extremes. On the one hand, Nassim Taleb, a former financial analyst turned scholar, argued in his bestseller, *Black Swan*, that we refuse to accept randomness and attempt too much to seek patterns where there might be none. For Taleb, it does not matter if we are successful in predicting a few events, because we are only capable of predicting those with minor consequences.

On the other hand, the psychologist Philip Tetlock has carried out research on whether people are able to predict political events, and if yes, how. He has found that this is indeed possible, and at best done by generalists who constantly revise their hypotheses and judgements to adapt them to new data. This explains why certain analysts – and companies – were right in calling Brexit, for instance. Marshall Wace, of Odey Asset Management, and Paul Marshall both made money by shortening UK stocks prior to the Brexit vote. Crispin Odey bet on ‘Brexit’ out of political conviction that Europe was ‘mangling’ with the UK, while Paul Marshall wanted to retaliate against the EU focusing on hedge funds, as he wrote in an opinion piece in the *Financial Times* in 2016.

The term ‘expertise’ is contentious – at what point can one be considered to have it? Taleb asserts that it involves demonstrating enough knowledge to be accepted in a pre-existing circle of self-declared ‘experts’. A direct implication is that biases underpinning the group’s way of thinking are also carried further with all new members and not questioned. Expertise is often opposed to ‘punditry’, which has a depreciative connotation, whereby the former is linked with expression of judgements grounded in theory, research of specific data (qualitative or quantitative), focusing on processes and on contexts, and heeding many small but (relatively) important nuances, while the latter is criticised for offering mere headline-grabbing opinions. In all fairness, ‘pundits’ often offer a global vision of events by taking a step back and giving an overall generalist assessment – not always appreciated at its fair value – largely because these individuals may come to be perceived as oversimplifying, attention seekers. ‘Experts’ may, on the other hand,

misjudge the value in disseminating ideas and in making sure that a general audience understands them.

The knowledge that ‘experts’ acquire is especially useful in at least two ways: to draw links with past experiences set into a context, and to express judgments. These judgments, so is the hope, will lead to determining the next short-term developments, based on an acute, accurate understanding of forces that shaped previous developments.

Yet, this is valid only if one accepts that there will be hardly any discontinuities in the unrolling of events. Analysts, even with the best education and motivation to remain as well informed as possible, face two important limitations. First, they will only be able to spot developments that are in line with previous ones (or with their own belief system) – continuities, in other words. However, the most impactful events are often those that are also completely surprising because they deviate from this continuity. Political risk analysts seek to unravel these most impactful events, but, with continuous monitoring, too, such events are likely to remain unforeseeable. Second, even when analysts succeed in foreseeing a black swan event (and in bringing it to the attention of a company’s management), they are highly unlikely to be able to do so *consistently* and systematically.

Expertise can also have a different meaning: not just political expertise, but legal expertise as well. The two are intertwined. The law is political: it is the outcome of a political process and a reflection not only of mores in society, but of power structures shaping them. Legal boundaries matter, as many political risks flare up in courts. In a few countries, the separation between the rule of law and politics is rather fluid.

Chevron in Ecuador is a case in point: the 2011 ruling against the company for being responsible for environmental damage cannot be understood without considering the anti-US stance of its then-President, Rafael Correa. In 2011, Ecuador issued a ruling ordering Chevron to pay \$8bn for damage caused by Texaco, a company it had acquired in 2001. After the company refused to apologise, the sentencing doubled. Chevron took the case to a US court, thinking that it could be vindicated: the court indeed ruled in 2012 that the Ecuadorian ruling was non-receivable as it was tainted by corruption. Ecuador then attempted to get a Canadian court to seize the company’s assets.

But here again, a Canadian court ruled that Chevron's assets could not be seized as it was a different legal entity from the one that operated in Ecuador (but where Chevron had almost no assets). The courts' rulings helped Chevron's image. Ironically, the acquired company, Texaco, was fighting first to have the case trialled in Ecuador, as it thought that rampant corruption there would help it influence the ruling in its favour. This turned out to be a disastrous assessment of political risks, as the left-leaning and anti-American Rafael Correa got elected in 2006. The double twist also highlights the aforementioned point: being correct systematically is no trivial matter.

Further cases where political and legal judgements are intertwined are certainly ones concerning expropriation. Cases coming to the International Centre for the Settlement of Investment Disputes, a court created to discuss expropriation, show that it would be naïve to think that only domestic legislation and politics play a role; geopolitics and international involvements do as well. On top of this, as the private sector does not have a direct say in international state-to-state negotiations, political ties with government officials are important for companies. They need to voice their discontentment through a government, which needs to be willing to negotiate on their behalf (provided that they also see an interest for them – making it harder for small companies to find appropriate channels through which to react).

At the time of the creation of the International Centre for the Settlement of Investment Disputes, countries had an incentive to join. The court would provide them with a mechanism to handle crises, whether they perceived themselves as victims or as instigators of an unfair expropriation. It would limit excessive reprisals and would even out leverages. For instance, Venezuela would have a sort of insurance that if it were to expropriate a Swiss company, Switzerland would not take the drastic step of freezing all Venezuelan bank assets in the country, valued at \$14 billion. But over time, many countries have started to withdraw from the court, as they perceived that it was not ruling to their advantage.

It is difficult to make an overall assessment of the impact of such a withdrawal, though, as many expropriation cases never actually come to court. Companies and governments quietly settle, and do not make public waves about the cases. This makes it difficult to assess the extent

to which expropriation occurs around the world, where it happens, and what costs it has for businesses. Furthermore, expropriation cases are rarely straightforward. On the one hand, it is difficult to price the assets of a company, as it implies assessing the ripple effects of a closing down on the company's long-term balance sheet and strategy. Therefore, it is similarly difficult to assess what fair compensation might be. On the other hand, expropriation works very subtly at times. In the case of the extraction industry, much investment and many licences – ranging from environmental, to export, to repatriation of the funds – are necessary to make the business work. A government failing to renew one of these licences, for instance because it thinks that the previous government was too lenient in giving its agreement or because bribery was involved, would have a very similar effect on the company to expropriation – although it would most likely not bear that name.

These enumerated analytical methods are well known. Yet, that companies consistently suffer economic losses as a consequence of political risks is an indication that other factors are at play. As in other aspects of life, two far lesser examined factors in the political *science* literature are unfortunately too often omitted and have failed to receive the attention they deserve: emotions, and luck.

Emotions: political ties

Humans are emotional creatures. They cannot change this nature. Politics reflect this nature, when humans handle and participate in power plays. By playing with these emotions, humans can achieve much: they may form trusted friendships and through them, extract (valuable) information; they may also be able to understand what an adversary in a conflict wants and seek viable compromises; and their emotions may emerge in their judgements. Focusing on the first one: this is why entertaining and nourishing political ties with government officials can be a powerful way of helping to assess political risk. Many political consultancy firms play very much on this factor, claiming that they have more capabilities to foresee changes because they have more inside information of what is going on within parliaments or governments.

This ‘method’ of having political ties stands in strong contrast to the previous one of ‘expertise’. Instead of relying on theory and grounded research, it gives strong weight to oral exchanges with officials, which may amount to little more than rumours. And yet, this information can prove crucial. Information may hint at a change in regulatory framework that has not yet been made public, and can help to sound out the current political environment. Such a privileged contact provides, in intelligence parlance, another sensor. And, as with intelligence, information with the greatest value is also the type most difficult to obtain.

Exemplary of this is how the end of bank secrecy came about in Switzerland. Until very recently, many within Switzerland thought that nothing would change – or that nothing needed to change strategically, as the then-President Ueli Maurer announced in April 2013. But it did change, and those who saw it coming were mostly banks with strong ties to governments, which ironically launched attacks against Swiss banking privacy laws. With the 2008 financial crisis, governments bailed out a few banks with their taxpayers’ money. These governments then felt uneasy about these banks helping their clients evade paying taxes. They hence pushed for the banks to sell their Swiss operating arms (the banks had to comply with their shareholders, which was mainly the government in this case) and then went after the division of the bank that had been sold in order to obtain the names of potential tax dodgers. The banks that got sold (e.g., Commerzbank, ABN Amro, ING) therefore saw what was coming – and they owed being able to see mostly to their political connections, that governments would soon attack Swiss banking privacy laws. Other banks, which waited much longer before reacting to the assault, were likely blinded by many other factors (e.g., that the topic had flared up so many times before without leading to the end of banking secrecy, or the amount of money that they were making). And naturally, the buying banks (e.g., Julius Baer) definitely lacked foresight.

The line is naturally thin between having ties with politicians and not facing a backlash from it – or even a step further, not crossing the line into a path of corruption. Recent headline-splashing revelations from Trump’s lawyer, Michael Cohen, have been a dire reminder of this. Right after Trump’s election, three multinationals paid Cohen’s

company, Essential Consultants, to gain specific information from Trump's government. Novartis paid \$1.2 million to learn more about the new administration's plan on how to handle health care; AT&T disbursed half of what Novartis had paid, worried that the president would block the takeover of Time Warner, as he had announced during his campaign – and which he followed through on; Korea Aerospace Industries officially hired Essential Consultants for 'advice on local accounting standards' as it was 'vying for its biggest-ever contract with the US government', as the *Financial Times* reported in May 2018. The three companies faced a series of bad media coverage, with the Swiss general attorney also announcing that it was probing into whether there was sufficient evidence amounting to wrongdoing for Novartis.

It turned out that the amounts the three companies paid were simply not worth it. Informal relations may remain the best information source, as opposed to such deals. The more a company pays for information, the more it may come back to haunt it. In Latin America, nothing has illustrated this point more than the Obrador scandals, from the Brazilian construction firm that literally paid its way into politics. The scandals have been reshaping elections in Colombia, Mexico, and Brazil in 2018, with heightened anti-establishment sentiments forcing centre parties to find candidates not affected by corruption and who would still have a moderate agenda, as well as the necessary backing to pass reforms. It is hard to imagine that the business will be able to whitewash its name easily after the extent of the scandals.

Emotions: convictions

Building up an information network that is good enough to assess short-term political risks is one way in which emotions play a role in political analysis, and arguably not the most straightforward one. Holding convictions, though, is. Having convictions is related to following 'rumours' in order to assess a political risk. In pure academic writing, convictions are frowned upon; they are regarded as a form of bias pervading the analysis. Yet judgements expressed by humans cannot be void of any emotions. More often than not, emotions in judge-

ments are seen as unwanted. They introduce unwelcome biases, which can lead to the wrong conclusions. On the other hand, can it be that a situation is not reducible to only rational factors? Can gut feelings sometimes be right? After all, one scholar at Princeton, Keren Yarhi-Milo, found that many high-level decision-makers within governments, when presented with intelligence strongly suggesting a course of action, often disregard the intelligence and follow their own senses and feelings.

Humans do not always act rationally (in the sense of acting based on mental calculations in order to maximise their interest or well-being). Psychologists have long acknowledged this, but it runs against the core assumption in political sciences – namely, that actors take rational decisions, when in fact, they often don't. This means that political scientists, when looking at political risks, naturally have a blind spot. Yet, despite this willingness to define the field as scientific, it is undeniable that the affinity that political analysts have for a country, as well as an individual's own political convictions, is likely to colour their analysis to a certain extent – even when the analysts try to avoid this. Analysts will downplay certain factors, for instance if they challenge their 'belief systems', as dissonance theory holds; as a consequence, they may tend to look for confirmatory evidence instead of trying to disprove hypotheses, and are satisfied with the result (a phenomenon known as 'satisficing'); they will comply with group pressure and organisational thinking; and their own culture and personal experiences will be regarded as an impediment to objective thinking. Whether analysts have time or really do apply methods to challenge these biases is an entirely different question.

But emotions, as evoked, do not only have a negative side. Even for judgements, having convictions can lead to correct assessments. Brexit is a case in point: although it has surprised many senior analysts, others, out of conviction, have bet on it happening. Naturally, convictions will sometimes be wrong, as much as analysts will be with discontinuities. The extent to which one is better than the other is beyond the scope of this book, but it must be pointed out that both cannot be systematically right. Furthermore, convictions, or more globally, methods based on heeding emotions, have a rightful place for whoever is interested in correctly assessing political risks.

Emotions: compromises

Lastly, and also closely related to forging meaningful political ties with a foreign government and official representatives, is the art of conducting compromises in order to be able to manage risks as well as possible. Political analysts, when trying to predict outcomes, are often confounded as to what extent politicians can reach compromises. This plays a core role in predictions. Emotions are required in order to be able 'to feel' in which direction regulators are moving. As the wording suggests, having a strategy to handle political risks based on feelings is not a very scientific method. But people are emotional. Just as with poker, where the odds of the cards matter as much as the tell-tale signs of bluffing and other strategies, the successful assessment of the political landscape requires a certain sensitivity, similar to weaving political ties.

Cultivating political ties, as detailed above, has one main goal: to obtain information. Skills at reaching compromise reflect a slightly different configuration, namely a more two-way-street type of setting. From the company's standpoint, companies' employees will, however, still need to be able to relate to other state officials – not only to extract information, but also to have an influence. It takes a very particular type of personality to make the other party feel at ease, to avoid a confrontational way of handling the situation and to understand precisely (and often, in the long term) what the other party is after.

Examples of how companies reach compromises abound – even those cases where companies had to correctly 'read' the political environment. One of these is with the German opera venue, Elbphilharmonie. After much delay incurred in the construction of the Elbphilharmonie, there were strong sentiments within the Hamburg city council that the contract should not be continued with the construction company, Hochtief. The change of majority at the city council over the years from the beginning of the project threatened the end of the contract. In 2011 the conservative CDU, Angela Merkel's party, lost to the people-close socialist SPD, which had issues with investing so much in art rather than in social projects. This change meant that stopping the construction of the Elbphilharmonie became a genuine option: the SPD did not see why important sums of money, over €500

million, should be allocated to culture instead of to projects catering to those with dire needs. Finally, after much discussion, the company made several concessions, and according to Hochtief itself, agreed to take far more risks than would normally be the case. A new (and final) round of contracts stipulated an extremely high penalty should Hochtief fail to complete the project on time, in autumn 2016; Hochtief did finish on time, with construction costs close to €800 million. If Hochtief managed to reach a compromise and read the political landscape correctly, the real question is: how many political analysts outside Hochtief got it right?

Again, as much as the other factors, reaching compromises, and correctly reading a company's ability to do so, can be more an art than hard-grounded science; this can account for a lot in explaining why this factor tends to be forgotten in the classical literature of predicting political winds – as much as luck.

Luck

Discussion of luck is not always welcomed. It makes scholars and intellectuals uneasy to think that whatever may be undertaken, a large part of how plans will turn out is well beyond human control. This also means that we would acknowledge that the aforementioned factors sometimes work, and sometimes do not, rendering analyses almost futile. With luck as a key element, the results of such analyses would not be replicable – a necessary condition for any method to bear the name of 'scientific'. This explains that many regard discussion of fate as thoroughly defeatist – or worse, as almost offensive. A 2016 statement from Evan Greenberg, the CEO of the large insurance group Chubb, epitomises this as he sarcastically wishes new entrants of political risk insurances 'a lot of luck', and then adds: 'that's all they got going for them'. Luck therefore has a bad name in the field of political risk, a field where, ironically, economic analyses heavily driven by numerical data reign over those anchored within the social and political sciences.

The role of luck, though, should not be overstated and doesn't override all previously mentioned 'methods'. Its role should merely be acknowledged. Modest acknowledgement of it is already a challenge

for many scholars, due to its scientific incompatibility, but perhaps also due to a certain bias. In recognising the role of luck, it is necessary to note that a phenomenon exists similar to the attribution bias when discussing being wrong. The attribution bias explains that we are much more likely to recognise and acknowledge our own work, when succeeding, than other external factors beyond our control (such as randomness) in order to enhance our self-esteem; conversely, in a feat of self-preservation, we are much more likely to attribute our mistakes to the environment (external factors) than to our own shortcomings. On the other hand, when other people err, we see it as a causal logical reaction to their own inner working rather than external elements. Drawing a parallel with this attribution bias, it may well be possible that people working within the field of political analysis and political risks are much more likely to value their own work highly and not to accept that luck plays a part in it, for fearing of downplaying the importance of their work.

A few historians do actually recognise that, in contrast with hard science, much remains beyond human control and understanding. For instance, one author, Tobias Straumann of the University of Zürich, gave luck as a reason why Switzerland was not invaded during the Second World War.³⁷ Other complex factors may have played a role (notably, deterrence policies taken by Switzerland) – but finding evidence for the extent to which Switzerland's policy influenced the Reich's decision has proven elusive. Also in Switzerland, two scholars investigated how Switzerland, a landlocked country without natural resources apart from water, and poor for most of its history until the 19th century, could become so economically successful. The authors identified three factors: the impact of poverty, which pushed the people to be innovative; the smallness of the country, albeit with a variety of cultures; and a balance between self-responsibility and cooperative solidarity.³⁸ But the authors still concluded: 'However, the search of commonalities should not make us forget how often the success of a company relies on luck – from the decisive discovery, to the right person at the right

37 Straumann, T. (2010). Warum ist die Schweiz ein reiches Land? Eine Antwort aus wirtschaftshistorischer Sicht. *Die Volkswirtschaft*, 1/2, 4–8.

38 Breiding, R. J., & Schwarz, G. (2011). *Wirtschaftswunder Schweiz: Ursprung und Zukunft eines Erfolgsmodells*. Zürich: NZZ Libro, p. 411, p. 422.

time at the right place, to the convenient opportunities and possibilities to realise it'. Lastly, and turning to a different context, the renowned British 'Official Historian' and Emeritus Professor of War Studies at King's College London, Lawrence Freedman, also wrote in a 2017 article entitled 'The Benefits of Hindsight' about making decisions in a moment of crisis, as he reflected on his experience of working for several official inquiries (e.g., looking at the British involvement in the Falkland Islands war and the Iraqi war): 'It is important to recognise the role of luck and chance, and the nature of the uncertainties and risks surrounding big decisions.' Such acknowledgement does not have to be a reflection of defeat, but merely of the limited possibilities of the field and of human nature.

Only very few attempts have been made at explaining how 'luck' happens; but even these have remained futile and for good reason: the problem lies with its intrinsic nature not to be explicable, otherwise it would not be 'luck'. When trying to understand 'luck', one scholar believed that luck can be influenced. Hao Ma divided luck into four categories along the lines of endogenous/exogenous and serendipitous/proactive. Apart from 'pure luck', Ma maintained that businesses can take measures to influence their luck and become 'better at recognizing and exploiting it when luck strikes'.³⁹ Yet, Ma has a very narrow way of looking at luck, more along the lines of adapting, of seizing opportunities, and of innovation. As his definition of luck exemplifies: 'Luck is usually nothing but opportunities knocking upon those who are looking for them, who will notice them, and who will act on them.' Finally, Ma confuses 'luck' with the attribution bias presented above. As Ma recalls how employees at Lockheed innovated on fighter planes, he writes: 'Call it luck. But the Lockheed people would like to believe that they absolutely deserve it'.

The contention here is that luck is certainly no 'error term', nor can it be influenced or broken down, especially in the context of taking a stance on upcoming political events. Approaches similar to Ma's to the concept of 'luck' refuse to give it too much credit; they are not fully committed to the idea. One gets the sense that authors like Ma are still

39 Ma, H. (2002). Competitive advantage: what's luck got to do with it? *Management Decision*, 40(6), 525–536.

reluctant to acknowledge that the control of a company's future might rest with luck and as such, be partially left to fate. Such a commitment to luck would be the equivalent of going to church because one has got time and thinks that it will not hurt, but yet without believing in God. Nor does the chapter argue that luck is all that is needed. The two other explored factors have to be heeded: intellect, which regroups the many tangible methods to follow, and emotions.

What luck can look like in practice for political analysis is shown with energy policy post-Fukushima in Germany in 2011. The unforeseeable environmental disaster located halfway around the globe, in Japan, made things right for the energy provider MVV. Germany had voted in 1998 for a government (SPD/Green) that initiated the departure from using all forms of nuclear energy. In 2010, Chancellor Angela Merkel started discussing reversing this trend and expanding the lifespan of nuclear power plants. A shutdown further in time would have meant a reduced loss for the owners of power plants. Yet, following Fukushima in March 2011, the government went back on this change of policy and decided on an abrupt halt to nuclear energy, as originally planned by the SPD/Green government. The largest energy providers in Germany were taken by surprise by this sudden reversal of policy (and even sued the government before the International Centre for Settlement of Investment Disputes). But local town halls and energy companies such as MVV, which had initiated the exit of the nuclear option in the 1990s, by investing massive amounts of money, found that they had made the right investment choice. For a few years (2010–2011 at least), there was a sentiment of having been deceived, but this changed after Fukushima. It is remarkable that many operators did not seem to be able to read the overall German sentiment of being anti-nuclear, but merely followed the decisions taken by the government.

It seems appropriate to conclude with an oft-cited thought experiment by a person who has shown that he could *systematically* defy the odds of the financial system over 50 years – Warren Buffet, the billionaire investor and head of Berkshire Hathaway. His systematic successes have shown that he cannot have relied on luck. And yet, does such a person think that luck played a role? The following thought experi-

ment, which he rather inelegantly calls the ‘ovarian lottery’, is indicative of his view on the topic:

I won the lottery the day I emerged from the womb by being in the United States instead of in some other country where my chances would have been way different. Imagine there are two identical twins in the womb, both equally bright and energetic. And the genie says to them, ‘One of you is going to be born in the United States, and one of you is going to be born in Bangladesh. And if you wind up in Bangladesh, you will pay no taxes. What percentage of your income would you bid to be the one that is born in the United States?’ It says something about the fact that society has something to do with your fate and not just your innate qualities.

That the genie is the allegory for luck is clear enough. This genie illustrates two points. First, that initial conditions (and not only those that can be influenced) matter. The scale of a company is, to a certain extent, the result of the strategy decided by a company’s board. But further initial conditions are, to some extent, beyond one’s control: whether one manages to persuade investors to provide the initial funds, whether the current economic situation is even conducive for such an investment, whether the general manager suddenly dies at the moment when the still-frail company needs his clear vision most, and so on. The list is limited only by one’s imagination. Second, luck is a strong discriminant for success. This is unfortunate. But accepting that luck plays a role, however small, is very much needed if one seeks to comprehensively understand the forces that shape the successful management of political risks. Beyond understanding the risks, and much more importantly for a company’s manager, acknowledging the role of luck helps to establish the right level of expectation while gauging how much room for manoeuvre one effectively has.

Last remarks

In the fourteenth century, the Italian writer Giovanni Boccaccio dared to write short stories deemed, at the time, to counter many well-entrenched mores. Published under the name of *The Decameron*, the short stories highlighted that three fundamental forces ruled within this imagined world: intelligence, desires, and luck. Such themes were to be adopted by many thinkers and writers in the succeeding cen-

turies, with luck reminding readers of how even the cleverest man with burning desires can be limited by constraints. Racine, a French writer of the seventeenth century, educated according to the Catholic movement of Jansenism, in which one's future was already mapped out, presumably by God, made this motto the core theme of his many plays. In beautifully rhymed alexandrine verse, the protagonist of *Andromaque* declared: 'Blindly I follow now the fate that claims me'.

The forces of intelligence, desires and fortune drive much more than the worlds imagined by Boccaccio and Racine: they are the key to understanding human behaviour and, by extension, to understanding political analyses and political risks. After all, as observed in 2017 by the columnist for the *Financial Times*, Janan Ganesh: '[t]he most important variable in politics – the ultimate determinant of electoral outcomes – is the individual quality of the candidate'. Human beings try to influence each other – the core business of politics – and are inherently full of surprises: their behaviour is not always rational nor calculated, but emboldened in passion, and prone to creating surprises. In Europe and the US, this had ironically tended to be forgotten until 2016. The referendum on Brexit, as well as the election of Donald Trump, shook analysts in their beliefs that political risks were confined to developing countries. These shocks have put the onus back on assessing and predicting political risks, while tending to put aside one of its key components – luck.

This chapter has taken a swipe at Shell's Peter Schwartz for his wrong predictions. As evoked, Ian Bremmer's record is not much better. In his book about Go, *Every Nation for Itself*, it can be informative to look at a few of the instances when he didn't have so much luck with predictions. In case you were still convinced that Go was a good prediction for 2012 onwards, a small stocktake may convince you that the analytical power of prediction is very limited. And as this book has been very much about countering the Go thesis, taking a bit of time to look at the details may be valuable.

Bremmer opens up his chapter 'The G-Zero impact' with a large terrorist threat foiled and warned that 'we won't always be so lucky'. While it is true that the West has seen a few terrorist incidents since 2012 – most prominently in November 2015, when 137 people died – the trend since then appears to have been reversed. Terrorist incidents

have mainly come from individuals, as opposed to organised groups, using unsophisticated types of weaponry such as knives. In one of the latest terrorist attacks, in March 2017 in London, the terrorist drove a car over pedestrians around Westminster and killed five people. Their deaths are deplorable, but the numbers are also far less significant when compared, say, with 9/11, with roughly 3,000 deaths. The recourse to non-sophisticated weaponries such as knives may show an important aspect in the development of terrorism. Security services have been so diligent at foiling large plots that terrorists employing knives points rather to the desperation of attackers. Instead of large attacks, the trend has rather been twofold in the past decade and ‘in the West’: a shift from targeting (symbolic) buildings to targeting people, and more frequent attacks but with fewer victims.

Bremmer then extends his argument about terrorism further to state conflicts, global standards, and the most basic necessities (air, food, and water). As seen for food and water, though, his argument doesn’t apply and plays on underlying fears linked with our natural survival instincts. Many of his arguments go in this direction of instilling fear, as he tends to see the worst for any situation. A cynic may argue that Bremmer’s own consulting firm thrives when there is high uncertainty and hence he inflates them for his own business case; or Bremmer may just give less weight to the checks and balances in our international system that ensures that everything doesn’t go to dust.

In this direction of fears, Bremmer predicted that within a Go world: Russia would not intervene in the Middle East (it did prominently with Syria); China and Japan would go on an arms’ race (nothing like this has yet emerged); Saudi Arabia would use the Gulf Cooperation Council (GCC) ‘to help maintain political and economic stability’ (Saudi Arabia leading the charge against Qatar, a Council member, in June 2017, is nothing short of destabilising the region); governments of ‘most of the world’s established powers would spend less money’ (what about the Chinese Belt and Road Initiative?); Saudi Arabia would become more protectionist (when it has arguably tried to open up to investors with its 2030 vision for a diversified economy away from oil only); China, Brazil, and Russia would set communication standards (they haven’t); established and emerging powers would not come to an agreement on climate change (Paris proved it wrong). Also

against Bremmer's points: Indonesia has still not become a major and diplomatic player; Mugabe's Zimbabwe is not prospering (in fact, Mugabe has been deposed); a food prices shock did not occur; and the European Union has not triggered a financial crisis à la the 2008 one with its origins in the US, this one leading to the US and China losing 'a critical trade partner and the jobs that it supports'. The list is not comprehensive and could go on. But far more useful to highlight this propensity to imagine the worst, especially when it comes to political crisis, and to instil fear, is to quote the end of this very chapter on the impact on a Go world:

G-Zero crises echo and exacerbate one another. A lack of global leadership makes it all but impossible to build consensus on what to do about climate change, droughts, floods, and the food price shocks they trigger. ... In short, the G-Zero will incubate new sources of conflict, make almost all of them more difficult to manage, and push international politics toward multiple forms of crisis.

Bremmer's failure should be taken as representative: Bremmer is very well connected and his expertise on many *past* events is incontestable. His failure to predict what will happen in the future is on point with what this chapter has tried to show. Entitled 'Caveat', the chapter has tried to make the exact point that predictions are doomed to fail, most of the time, regardless of the high level of expertise and connections one can have. Lawrence Freedman, the King's College professor quoted above, concluded his latest book *Future of War* with these wise words: 'These [works of prediction] should all, however, be treated sceptically'. This applies very much to this monograph as well, but we can still give it a try to see what the consequences would be if international affairs continue to go in the direction of group leadership theory. Maybe someone will, in a few years, repeat the same painful (and embarrassing?) exercise that I just did with Bremmer's predictions. If that were to happen, nothing would make me happier than to know that the theory was at least thought-provoking enough to beget attempts at its rebuttal.

7 Consequences

Countering the idea of a world without leadership was relatively easy: we just needed to find examples of leadership – and there were plenty. The more difficult part consists of translating this idea into what it means for the future and for organisations. The manuscript has so far spent a great deal focusing on stories, and there is a reason for this that goes beyond merely finding counter-arguments to the current narrative of the world facing a leadership crisis: stories actually foster in and of themselves cooperation (no, the manuscript is not pretentious enough to think that it will influence the world order; it remains descriptive and not normative).

In December 2017, an article published in *Nature* by a team of 13 scientists from British and Philippine universities teased the question of what has been the evolutionary advantage of storytelling, a ubiquitous activity they noted, from cavemen to today's successes of Netflix and YouTube. They studied closely one of the still existing primal societies in the Philippines, the Agta, and came to the following conclusion: 'one of the adaptive functions of storytelling among hunter gatherers may be to organise cooperation.' The conclusion came as the researchers noted that most stories focused on themes of 'extol[ing] the virtues of egalitarianism and equality' as opposed to ones about 'maintaining the status quo and the leader's authority' to be found in other primal societies. Now, our society has evidently moved on substantially from the model of hunter gatherers. But the larger point, one well known of constructivist theorists, remains: the narrative that we choose influences our actions. By choosing to focus on a narrative that a leadership crisis drives the world events, we in turn reinforce these expectations and the trend that we think we're discerning. On the other hand, by fleshing out another narrative, one can choose to reinforce cooperation, and use this cooperation to shape world events. The rest of the chapter will look at the consequences of group leadership theory in two different contexts: for politics itself first, and for businesses sec-

ond. Businesses can only influence the environment in which they operate to a certain extent, but they can try to maximise their impact if they correctly understand the non-market forces that shape this environment.

Political consequences: a still stable world

Group leadership theory has a much less negative message about the state of world affairs than a leaderless vision would suggest. It is more transactional, and critics will deplore that this means that states come together less based on values on than on sharing a mere objective. Yet, the most blatant consequence is hence to consider that the risk of conflicts of all types is not that high. Checks and balances built over years to keep the system resilient are working; there is no necessity to fight over a supposedly – but non-proven – power void; and competition has not overruled cooperation. Because states seek inclusion the world is less divisive, less prone to clashes or to domestic revolt. Regarding that changes can come about quickly (a recent example being that the thirty-three year reign of the Tunisian dictator Zine el-Abidine Ben Ali came to an end only ten days after a vegetable seller burnt himself in public in 2011), this is definitely a good thing.

Checks and balances rely on rules and on institutions, which guard them. These multi-lateral institutions are doing fine. They are not dying. States have kept them alive by actively contributing to them. Earlier chapters have brought descriptions of this, but another much more comprehensive research is worth mentioning here. Julia Gray, associate professor at the University of Pennsylvania, published a review of international organisations in March 2018.⁴⁰ Gray classified 171 international organisations according to three categories of vitality: those that are alive, those that are zombies, and those that are dead. She identified those organisations brought to life between 1950 and 2013, judged vitality as a function of activity (with regular meetings, for instance) and output, with vitality changing over the years. Her results? ‘Around 52

40 Julia Gray, 2018. ‘Life, Death, or Zombie? The Vitality of International Organizations’, *International Studies Quarterly*, 62 (1), 1–13.

percent of the organizations in the sample are alive and functioning, around 10 percent are essentially dead, and nearly 38 percent are zombies.’ This is a comforting conclusion, with the bulk of international organisations still alive, multilateralism isn’t dead after all. In raw numbers, this represents roughly 40 organisations being alive in 2013.

Discussions of multilateral institutions mean less focus on individual ‘large’ powers – the ones usually referred to by the Thucydides trap (a reference to Greek mythology, during which Sparta and Athens fought following the rise of the former). The trap referred to the fear that a war must take place when a new power emerges, displacing another one. One of the issues with such thinking – and one which group leadership theory largely circumvents – is that it ignores changes of balance and alliances between other states and takes as representative only what happens with great powers. Yet, the forces shaping great power relations can be vastly different from the ones shaping other, more numerous, states.

For investors, this means that conclusions one might draw when looking at events occurring in the United States – withdrawal from co-operation on climate change, trade, and security policy – do not translate to other countries. Investments can, and should, still follow to other countries, given that other domestic conditions are met. Or, in other words, investors should not pull back on taking projects forward because of the fear of the geopolitics of a leaderless world.

Political consequences: more stable *societies*?

Group leadership may foster tribal instincts by exaggerating a sense of belonging to a group. If tribalism doesn’t sound like it would make society more stable, that’s because of an overemphasis of its negative aspects over its positive ones. Humans love belonging to groups, and can have recourse to extremes for their group. ‘They [humans] will seek to benefit members of their group even when they gain nothing personally. They will penalize outsiders, seemingly gratuitously,’ writes the law professor Amy Chua in her 2018 book, *Political Tribes*. Even more dramatic, she goes on: ‘They [humans] will sacrifice, and even kill and die, for their group.’ When China sends troops to Africa, its men are ar-

guably ready to die for this group. Although something similar could be seen with other groups within these pages, where outsiders may not enjoy the same extent of benefits as insiders (e.g., BRICS, the G20), these are arguably communities rather than tribes; no one would die for the group but the sense of belonging is still present. Also, regarding how group leadership theory has been set up here – especially with groups overlapping and with states not necessarily having a strong of sense of identity linked with the group – the downward risks of tribalism should not be overemphasised over its counterpart, cooperation.

Cooperation stands in contrast to individualistic behaviours. The United States has had to learn a harsh lesson: no one is indispensable, no one is irreplaceable. Political analysts supporting the leadership crisis thesis are likely to suffer from a very high US-centric biased view when shunning evidence to the contrary. Jake Sullivan, a former National Security Advisor to Joe Biden, the then Vice President of the US, between 2013–2014, provides us with a good example of this deep US-centric view, as he wrote in *Foreign Policy* in March 2018:

Who is going to make sure that countries increase their emissions reductions under the Paris accord when the next round of pledges comes in 2023? Who is going to pull the world powers together to execute a follow-on agreement to the Iran nuclear deal? American leadership is even more critical in emerging areas where the rules have not yet been developed or where previous solutions no longer work.

Chapter 3 presented a few good candidates who would take over that role: the same many groupings that brought the Paris agreement together in the first place.

Maybe paradoxically, the individualistic stance of the United States may have participated in bringing countries together. It has become clear that the US, especially under the Trump administration, has been battling to reaffirm US hegemony. The administration has sought to withdraw from multilateral institutions formerly built by the US but which now has been constraining it. It sees that in relative terms notably, these institutions have been benefiting others more than the US itself. However, this dismantlement cannot happen so easily. Alliances formed within these multilateral institutions are an important counter-weight to the will of the Trump administration to re-assure that US power lives on. This counter-weight is a force to reckon with – as the

book has shown, but not only. A reaction of allying, or uniting, is usually commonplace when individuals feel threatened, not listened to, or bullied into certain positions. That such feelings at the individual level would translate to state behaviour would not be entirely surprising. After all, individuals drive state affairs and their processes. The answer of Cecilia Malmstrom to US President Trump's introduction of tariffs on steel in June 2018 would not have it otherwise: 'When they say "America First", we say "Europe United"'. It rings almost like a chant.

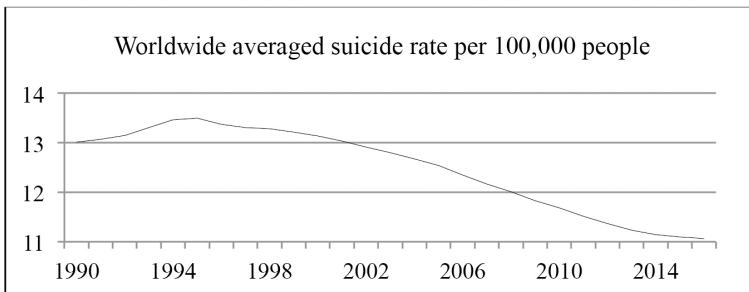
A similar phenomenon has occurred with the European Union and Brexit. Right following the vote, there were fears of other exit referendums taking place and succeeding. It hasn't been the case. As Brexit negotiations have unravelled, it has become clear that the UK will come out certainly humiliated from this process and certainly not as a 'winner', whichever the outcome will be, soft or hard Brexit. In turn, 'Brexit has saved the EU', as the Financial Times columnist Simon Kuper put it in a piece in Summer 2018 even more provocatively titled 'Boris Johnson may have saved the EU'. When trying to bring a blow to groups already formed, the group may in fact become stronger, not weaker (what Nassim Taleb would then described as an 'antifragile' group – unlike only a robust group, it builds on the experience to become 'better').

The point about cooperation and alliance may bring along a further positive development for societies, if we accept this assumption that state and individual behaviours are closely related. It may make societies more resilient to suicide. Stay with me, even if this sounds crazy at first. Underdeveloped countries have much lower suicide rates than economically developed ones. This is an oddity: with more welfare and higher security should not come higher suicide rates – these almost defeat the point of economic growth. The French sociologist Emil Durkheim reflected on this issue at the end of the 19th century and explained this phenomenon with how richer societies assign blame. Richer societies are usually more individualistic societies in which the individual is considered responsible for his fate. This means that individuals are also responsible for their own failure. Carrying this important burden leads people to suicide. One of the ways to counter this is either to go back to ancient beliefs, that part of people's fate is in fact dictated by luck or by demons, or another way is to make societies

less individualistic, more open to cooperation, and to spread responsibility among a group. Sounds familiar? Group leadership theory could have a top-down effect of making societies more resilient by passing onto the individual level the assumption that states are stronger when acting in groups. Humans pick up and interpret subtle signals in sometimes surprising ways: from the baby stage, our evolutionary system learns to copy a form of authority. In our adult stage, the state embodies this form of authority (the state still has the monopoly of power – it can put you behind bars should you decide to go against its will, for instance). Most of us respect the institution of the state because of this power – and would probably, conscientiously or not, follow an example promoting cooperation amongst equal group members over individualistic behaviour. The worldwide average of suicide per 100,000 people has been decreasing in a straight line since 1995. It would be silly to explain this decrease with only one factor. Coincidentally though, the slope of this decrease changed in 2014, right after the turning point of 2012/2013 mentioned in this book.⁴¹

On a different note, but still trying to show how group theory can make societies stable, a shift from viewing the world as a leaderless chess board to one seen through the lenses of group leadership theory is in harmony with an approach recently popularised in management theory: ‘self-management for evolutionary purposes’. Its author is Frédéric Laloux, a 10-year employee at McKinsey, who sold, according to his own account, 350,000 copies of his book, *Reinventing Organizations*. According to the author, thousands of companies have already

41 Data from the Institute for Health Metrics and Evaluation, 2017:



implemented this model, which is quite close to democratic leadership. Laloux sees an evolution in organisations' structures – and self-management is, hence, one supplementary iteration of this evolutionary process. At the beginning were 'impulsive' organisations, Mafia like, with a constant fear of the boss, who was there to direct the organisation's minions. Then came 'conformist' organisations, military like, hierarchical, control freaks. This was followed by 'achiever' organisations, as most multi-nationals are, oriented towards beating the competition. Next-to-last came pluralistic organisations, with a strong focus on culture and 'empowerment to achieve extraordinary employee motivation'. Lastly is self-management, replacing hierarchies with distributed leadership and 'purpose as primary motivator and yardstick'. The reader will see very quickly the traits that are similar to group leadership theory. Interesting for this chapter are the consequences that the author highlights for organisations that implement this type of structure: more trust emerges as people view organisations with the 'assumption of positive intent', 'collective intelligence' as meaning that everyone can chip in, providing a better flow of information, more accountability (as in more transparent), more equal and fairer. In a simplistic way, this would explain why there would be fewer conflicts within an organisation. And in a similar simplistic way, this would also apply to state relations.

It is possible to view Laloux's theory as a grassroots, bottom-up movement as he describes it. Or, it is an influence from how state relations have influenced the shape of organisations. Both ways show a shift in how societies operate. This is markedly different from what one can read in many media reports: populism, the breakdown of institutions and of multilateralism, lack of trust in organisations (public as much as private – see the 2008 financial crisis if you're unsure), resentment of elites, and more. Bad news sells more than good news, and similarly, humans have a certain propensity to see headwind risks rather than opportunity (from an evolutionary perspective, this was always better for our chances of survival). This explains why theories bringing such negative factors to the front may find a larger audience than the ones with a more optimistic outlook.

Group leadership theory would hence mark a change in societies that is firmly positive: less individualistic, making it easier for people

to find purpose, where unfair treatment is not only shunned but realistically acted against, and in which achievements are still on the daily menu. These consequences would not only be at the societal level, but can be used to inform how certain countries would behave in relations to their peers.

Political consequences: country trajectories

As mentioned, the Go view emphasises downward risks; group leadership theory moves the pendulum in the other direction. Where there is a decline of US influence will come a realignment of alliances.

Looking at the Middle East, and at the recent move in May 2018 of the US embassy from Tel Aviv, Israel's capital, to Jerusalem, a city reclaimed by Palestinians because of its religious significance, one could see the decline in US influence. Many countries did not follow the US example but rather lambasted the country for the move. France said the move violated international law; Turkey condemned it on similar grounds and expelled the Israeli ambassador from Turkey; South Africa withdrew its ambassador from Israel; and the Irish and Dutch Foreign Ministers respectively considered it as 'inflaming already a very tense situation' and unwise. But beyond the decline of US influence, one can also see how other countries came together. While in this particular case, no formal alliance has been on the table, formality has not been here a core tenet of the group leadership theory. Instead of accentuating the decline of leadership, it is equally possible to emphasise the opposite, countries coming together on a position.

What this tells us is that where there is a fracture with the status quo, there will be other allies willing to reorganise around the fracture. The US pulls out of the Iranian deal, the Joint Plan of Action, and Russia and Syria seize the opportunity. 'Already, some Syrian tender offers stipulate they are only for Iranian firms', wrote the journalist Borzou Daragahi in *Foreign Policy* in June 2018. An important consequence is hence not to see the world as being more fragmented – as a Go world would have you believe – but as one with differently rearranged alignments. These rearranged alignments further imply that countries are not weaker and less coordinated. If they manage to align their views,

this means that they do manage coordination. And as part of alliances, they hedge their bets, and are arguably stronger.

Consequently, within such an environment, the G20 and G7 remain prominent; other multilateral venues are as much so as well. China does not seek to fill a vacuum but works closely with other Asian partners and the European Union. Transatlantic ties with the European Union and the rest of the Americas (excluding the US) flourish. Within Latin America, security, trade, and other common views (for instance on fighting corruption tainting democratic institutions, the whole against a backdrop of anti-establishment feeling) bring countries together.

The European Union, still hit by populist forces, remains a Union. Members leaving shouldn't give more credence to a leaderless world. Reshaped alliances can still function effectively. For anyone doubting it, it is hard to argue that the post-Brexit EU has lost its firing power when looking at its response to the trade threats from President Trump or at its concerted handling of Russia with denunciation, expulsion of Russian diplomats, and maintenance of sanctions over the poisoning of Sergei Skripal, a former spy for Russia, and of his daughter in the UK. In the end, as Western democracies pull their weight together, so do so-called 'rogue states'. States the US regularly categorises as foes – Russia, Iran, North Korea, even China – come together, seeing their interests in doing so.

Europe, the Middle East, Asia, Africa, and the Americas all have their own sets of issues: finding the correct balance with states seeking to secede (in Europe), the Syrian conflict as a proxy for Sunni-Shia confrontations and managing the energy turning point away from oil (in the Middle East), managing the debt (in Asia and in the Americas), ending ethnic conflicts and spurring economic growth (in Africa), and more. On none of these issues is there evidence that nothing is happening. The world is not a still place; it doesn't need a clear individual leader to perform. The book cannot make the claim that states will win over Islamic terrorism, that (sovereign or commercial) debt will not blow up, that trade barriers will all fall to zero, or that fault lines around immigration will subside. It makes a claim that is a lot more modest: that countries will still look to implement policies that solve

these issues. They will act. They will not stay idle, watching on the side, not willing to show any type of leadership.

This should provide comfort to investors, especially those who would have unfortunately embraced the view of an alleged Go world (that Bremmer has started a newsletter, a company, and a TV show called 'GZERO Media' seem to indicate that there are quite a few believers of this world view). For these, the crux of the matter probably comes down to a certain view of the world, either optimistic or pessimistic. Pessimists may have forgotten that events do sometimes turn out alright. Sometimes with a bit of luck too.

Consequences: technologies fostering group leadership

Upcoming technological changes are likely to further reinforce the trends indicated by group leadership theory. This will be the case with crypto-currencies, energy, standards (for new telecommunication channels, such as 5G), and artificial intelligence. These technological innovations are likely to transcend all industries, and will affect them in different ways. As with many new technologies though, they will beget ethical reconsiderations, political, and social changes. Businesses will find it hard to stay away from these changes.

The next financial crisis could push for more adoption of crypto-currencies. Many laypeople do not understand how reserve capital in banks functions, or how central banks' quantifying easing programme and interest rate hikes work. Many blue-collar people see it as a non-transparent system of the bourgeoisie pulling the strings of the economy and making the weakest suffer, draining all the milk that they can. Crypto-currencies *à la* Bitcoin, on the other hand, are a lot more democratic – in popular representation, at the very least (in reality, a couple of individuals hold the big share of the pie). A new financial crisis, fuelled by debts and where central banks would have only very limiting firing power to react (regarding already ballooned balance sheets and still low interest rates), could trigger a wide political shift and support for a system that moves away from the traditional function of central banks. Crypto-currencies could be one of the solutions. And

such a system *could* work a lot closer to group leadership theory than is actually the case for monetary policy.

Another point leading to more widespread adoption of crypto-currencies could be the need to have an alternative to private companies such as Visa providing electronic payment possibilities. As cash falls into disuse, there may be a possibility to not rely exclusively on private companies to provide such a service, especially should they for any reasons become non-operational. The idea that Martin Sandbu, a columnist at the *Financial Times* proposes, is that central banks would propose a version of e-cash with full reserve banking, a version in which everyone could ‘open deposit accounts directly with the central bank’. In such a scenario, the central banks would retain much of their current power – unlike in the previous scenario – but the effect would still be similar: crypto-currencies, currently inherently more democratic in their setups, would become more widespread.

Bitcoin, which made crypto-currencies famous, especially because of their high volatility and the gains they could bring (and losses as well) also brought to light another undesirable aspect of crypto-currencies: their energy consumption. Some analysts have claimed that Bitcoin annually consumes as much electricity as Switzerland needs for an entire year. That makes it a very power-hungry technology just to confirm transactions. But it highlights another major trend: our societies’ increasing reliance on electricity.

The switch from oil to electricity as an energy source is also ripe for collaboration. ‘Because renewables are intermittent, regional grids are needed to ship electricity from where it’s plentiful to where it is not,’ explained The Economist in March 2018. Electricity is better shared than thrown away; unlike oil and gas, it cannot be left in the ground once produced and needs to be sold off and used, even if that means doing so in another foreign market. Such a switch to a massive scale, especially for automobiles, should mean more integrated networks of physical infrastructures, regulations, markets, and politics.

This point is valid for standards concerning new technologies in general. So far, there has been much noise about the new mobile standard, 5G, which would allow a faster internet and better data transfer. The competition has so far pitted the US against China. The US tried to restrict Huawei, ZTE, and Singapore-domiciled Qualcomm from

defining the new standards, especially because of fears that communication networks controlled by China would pose a national security threat to the US. In a volte-face to the US attempt at restricting the reach of the companies, China managed to secure cooperation from Japan and South Korea to develop the new telecommunication standard. The Chinese companies partnered with mobile operators and equipment makers in many countries to try to develop and implement these standards. Such a tactic is likely to become common for any future technological standards (concerning upcoming technologies, for instance in the realm of artificial intelligence, too). Countries will still manage to come together to define international standards, even at the behest of others. A leaderless theory would have people believe otherwise.

Consequences for businesses

Looking at the consequences for businesses is warranted for a specific reason. A review in the *New York Times* of a book on *Reinventing Capitalism in the Age of Big Data* (the book is by Viktor Mayer-Schönberger and Thomas Ramge, the review by David Leonhardt), provides a crisp explanation for such a focus on businesses:

Coordination allows communities to accomplish tasks that individuals working alone cannot. People can build on one another's strengths and make up for one another's weaknesses. Coordination made possible the library of Alexandria, the Great Wall of China, the Suez Canal and the moon landing. Coordination, in turn, depends on communication — the exchange of information that allows people to work together. In modern times, the most effective way to coordinate behavior, other than through government, has been through a company, also known as a firm. Firms tend to follow a top-down approach to coordination.

In other words, businesses provide a conduit to implement many of the solutions to global problems, and a channel to foster cooperation (beyond mere coordination). It therefore makes sense to look at how such a worldview would affect their operations as well.

With more transparency, trust, and credibility in institutions, what can follow for businesses? Organisations would be less likely to be victims of a public relations backlash; they could ensure that their busi-

nesses minimise harm; and that the mission is genuinely the real driver for their stakeholders, not increased profits. Two examples of this have emerged recently. Mark Zuckerberg, prior to the Cambridge Analytica scandal, laid out his ambitions in a blog post in February 2017:

In times like these, the most important thing we at Facebook can do is develop the social infrastructure to give people the power to build a global community that works for all of us.

Zuckerberg repeated his claims during a Congressional hearing that followed the Cambridge Analytica scandal that the company ‘want[s] to build a service that helps connect everyone in the world; and this for free. Similarly pushing this aspect of ‘corporate social responsibility’ is Lany Fink, the founder of BlackRock, the ‘world’s largest asset manager’, who urged in January 2018 that CEOs of companies might contribute more to society than only by focusing on making profit. He wrote:

Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society.

Such corporate social responsibility initiatives have existed before and will probably continue with or without group leadership. Due to its core traits (inclusiveness, equality), however, group leadership theory makes it even more likely that companies engage more with such thinking.

And yet, not is all rosy with group leadership theory either. It is noteworthy that the business environment would not necessarily be more conducive to sustained growth. If we want to look at businesses, the research of two people can be beneficial here: Michael Porter – a man whose framework is probably the most known and taught in business schools – and Pankaj Ghemawat. Porter identified five forces, which shape industry profitability. His starting point is to note that there are large differences of profitability within industries and no matter how good a manager might be, he would not be able to move profitability much beyond the average industry profit margins. Porter explained these differences by identifying five constraints to profitability within an industry: threats of new entrants, threats of substitutes, the

bargaining power of suppliers, the bargaining power of buyers, and rivalry among existing competitors. This framework is useful here, because something becomes almost instantly clear: in a world of sustained and deeper cooperation, competition can become tougher. Threats of new entrants and of substitutes rise as barriers to entry go down (whether the leverage of buyers and suppliers changes is less clear cut). This means increased downward pressure on profitability for a few businesses. A global battle for skills can also follow, making it more difficult not only for businesses but for industries to attract people with the required set of skills to do the job. Now, group leadership theory doesn't mean necessarily a more globalised world, per se. It just makes it more likely that as countries work as equals together on specific issues, it leads to increased understanding and increased cross-border exchanges between them.

Here enters Ghemawat, somewhat less known than Porter, but not in any way less impressive: he entered Harvard at the age of 16, started his PhD there at 19, and graduated at 21, and then went on to being the youngest person ever to become a full professor at Harvard Business School, where he stayed for 25 years. Ghemawat is mostly famous for countering the idea of the *New York Times*' columnist Thomas Friedman that the 'world isn't flat'. He sees that when looking at data, cross border integration is far from being complete; national borders still matter very much. This doesn't hinge on the argument of world leadership, actually. Within group leadership theory, states still matter very much, as governments are still the ones making the calls about to what extent they want to work together with other countries on climate change, and economic and security challenges. Again, this doesn't have to mean that they accept the challenge of bringing down barriers by integrating their economy or military forces together. As previous chapters have described, this can rather be in the form of accepting a specific agenda, lending money or security forces.

Another of Ghemawat's works can be useful to analyse the effects of group leadership theory on world affairs: the 'ADDING' framework. For companies doing business abroad, this is a framework focusing on looking at characteristics at the company level – not industry level anymore, as with Porter – to find out whether managers have taken decisions cognisant of the many ramifications that they would trigger.

ADDING looks at the possibility of increasing profits (instead of focusing on threats, as Porter does) by analysing whether the globalisation strategy makes sense, based on whether it adds volume, decreases costs, differentiates (e.g., with brand building), improves the industry attractiveness, normalises risk (e.g., hedge price fluctuation or risk of price ‘wars’), or generates knowledge (e.g., with intellectual property rights transferred from one part of the world to another). Ghemawat’s framework tells us that group leadership in international affairs may make differentiating products more difficult, and that to ensure that any advantages will be sustainable in the long term will also be tougher. On the other hand, adding volume and optimising risks by hedging bets in different countries could become easier.

Porter’s and Ghemawat’s tools are useful to highlight that group leadership theory does not point to a future where everything will be ‘better’ – as much as not everything becomes worse if the world faces a genuine leadership crisis. Some aspects will become better and others will not. In short, one must be ready for a change – being on the lookout for it is a good first step, so as not to trail behind. Ensuring that the company’s culture is not one in which novel ideas are being shot down because they might sound like crazy ideas is another one (remember the role of scenarios in order to do that). When delving into detailed industries, depending on the business, these consequences will also vary. This last chapter will not delve into the numerous industries that exist but will just briefly compare two (finance and agriculture) to give the reader an idea of how much this difference can matter.

In the financial industry, banks and insurers operating globally have rising costs when they have to deal with vastly different regulatory requirements in different jurisdictions. This breakdown of the regulatory environment constitutes the current consensual view of the future in the industry. Group leadership theory promotes a different thesis though: via cooperation, the regulatory environment is more likely to become more coherent than when considered through the lens of a Go world. This would mean costs down and profit margins up for these sectors. The changes highlighted above concerning the monetary cycle affected by technology would also mean that the industry could face being taken less as the scapegoat of the world’s problems – a view likely to raise eyebrows in a few current left-wing, anti-imperial-

ism circles. Inter-state cooperation also makes it less likely for states to impose transferability restrictions between a company's parent and its daughters. Going one step further, this can lead to a rather uniform regime (for instance, for taxes, compliance, capital requirements), making cross-country administration easier.

A much different sector is agriculture. It is different first and foremost because of regulations, which are not, arguably, as complex to implement as they are in the financial industry. Identifying products and their consequences is also more straightforward than within the finance industry. Two political challenges are currently topping the agenda: limitations to free trade in the form of quotas, tariffs, or subsidies; and the use of 'transnational land', by which is meant sovereign states buying (or renting) agricultural lands in other countries in order to ensure food security at home. The phenomenon of transnational land is by any measure not small. Land Matrix, a non-governmental organisational, keeps an inventory of such transactions. According to them, 1,865 deals have gone through, totalling 50 million hectares of land. Leading the pack in the origins of countries concluding deals are the US, Malaysia, the United Arab Emirates, the UK, India, Singapore, the Netherlands, Saudi Arabia, Brazil, and China. The countries are hence very varied. Partnerships between countries are also common, notably between the US, UK, and South Africa.

One view would be that it accentuates the problem of food security. As commodity prices soar and certain countries suffer, these very countries export their staples to other countries instead of using them for their own population. Buying or renting countries rarely use the land to sell their products to the domestic population. Another view – one championed by group leadership theory – would be that if done right, this can represent a chance to rebalance inequalities of resource distribution around the globe. Certain countries are more favoured by climate and have much agricultural land; others enjoy stability and more economic comfort. There is therefore an opportunity to utilise the power of politics to solve the natural unfair repartition around the world for requirements for food. Fearing the wrong turns doesn't have to be a necessity. Naturally, there is a need to ensure that no backlash occurs in the exporting countries by having transparent deals and by having countries handle transactions in a fairly equal way (buyers,

generally richer than supplier countries, should not automatically have more leverage than suppliers, which still have the last word). But within a group leadership theory, countries would seek cooperation rather than confrontation. This may well not be the case all the time. Yet, so far, it is noticeable that conflicts have not arisen around this issue despite high profile articles in major media outlets – and despite Bremmer listing it in his *Go* book as a major risk factor.

Other industries will see their business plans transformed – and again, this may not be for the best. In the telecommunications industry, the European Union forcing the adoption of uniform rates within the union led to them losing a major income stream via roaming fees. Other industries relying on cross-border movements (retailers, for instance, seeking lower production costs abroad, commodities, or transport) could also face headwinds. But this should not be feared as much as if there were no world leadership either. While we cannot generalise about all industries, to avoid falling into too many traps, the theory should provide counter-arguments to a few commentators who fear going long on investments because of a leadership vacuum, all other things being equal (*ceteris paribus*, as economists like to say).

The consequence of ignoring group leadership theory

Believing that the world is currently facing a leadership crisis is not without negative risk, either. The most damaging consequence of the idea is that there could be a latent defeatism, where individuals are ready to accept that the world is ‘doomed’ anyway. The Swiss Germans have a brilliant expression for this: ‘ischäso’, which roughly translates without the cultural undertone as ‘it is as it is’. Such defeatism cannot be positive. Initiatives need to continue, engagements too.

By overstating the case of a *Go* world, the risk is therefore that it generates fear – it probably already does – and that it leads to investors, activists, or politicians withholding involvement. Or worse, it can lead to placing our focus and investments in the wrong place. While the analysis of a *Go* world doesn’t mean to be normative and intends to be only descriptive, this doesn’t mean that it wouldn’t have any effect either, especially with stifling investments. Group leadership theory has

the merit, at least, to avoid this trap and to offer motivation for going forward.

This is not only theoretical. On June 6, 2018, UNCTAD, the United Nations agency for trade, published its annual ‘World Investment Report’. Its first line noted: ‘Global flows of foreign direct investment fell by 23 per cent in 2017’. A flood of factors can explain this. *The Economist*, reporting on it, attributed it to Chinese wages now being higher, tax regimes being more stringent in Europe and in the US, and to Trump. But the weekly also carried out some further analysis on the 500 biggest companies by market capitalisation. It remarked that the profits of multinationals had grown by 12% since 2015 – a good result – but definitely not as good as local firms, which saw their profits grow by 30%. It concluded that ‘bosses [of multinationals] are being more cautious, an impulse further amplified by trade tensions’. A pessimistic view of how the market will evolve certainly plays a role in this caution, and analysis probably influenced this pessimistic view in the first place. An analysis too overly relying on a leaderless world maybe?

The End

The core argument of the book has been that we need to think of leadership differently than in ranking-obsessed terms of who is at the head. But the book has made quite a few other claims in relatively few pages. Repeating them a last time is worth doing: the world does not face a leadership crisis; the focus on big powers isn’t warranted; to understand international relations and draw useful conclusions, changes of behaviours from all countries must be looked at; 2012/2013 has been a turning point; countries have started coming together in groups, deciding as equals to solve an issue – the structure of groups as formal/informal, the extent of shared values, and the number of issues tackled varying; consequences of the analysis mean a more positive outlook than when considering a leaderless world; but in which direction the world will be moving is a prediction no one would get right – or almost certainly, only with luck – this book included.

The structure of the international system evolves all the time and doesn’t have to follow a unique, uniformed, ‘theory’. As much as cer-

tain parts of organisations may follow a slightly different leadership style (say because certain managers are more authoritarian than their colleagues), this doesn't have to prevent the overall organisation from following an overarching distinct style. This book lays the ground for a theory: that this overarching style for world affairs has been group leadership – and not in a leaderless world – in the past couple of years, and will remain so for a while at least.

One of the issues with structural changes is that they are slow to materialise and, arguably, that it is harder to prove them with quantitative data. Looking at flows (trade, foreign direct investment, sovereign bonds, migrations, students, arms, military troops) is not sufficient and may even be misleading. While governments may edge close to one another, parliaments and businesses may not (as the US has displayed prominently this year with Russia). Alliances go beyond such flows: think of governments' promises with regard to climate change, or to security to intervene under specific conditions. A few readers will certainly feel frustrated at the qualitative methodology and will want to look beyond it. They will need either to reform much of how we currently look at international affairs, or they will need to accept that judgement – political judgement in the primary instance – is necessary, inherently subjective, and fallible.

When the next crisis occurs, be it of a political, financial, or other nature, decision-makers and analysts will likely emphasise the feature of cooperation within the international system again. But this book goes a step beyond: even without times of crisis, there are many instances to be found where states cooperate to achieve common goals, in formal or informal alliances, and using a democratic system for decision making where the respective weights that they can pull are close to being the same. We all have the choice to emphasise one narrative over the other. Given the current propensity of many to emphasise the risks of our international system, we may want to embrace another rhetoric, a less misleading one. Humans do not only fight. They also strive for improvement, and for cooperation (aren't we all 'political animals' looking for companionship?). Group leadership theory puts the accent on this. The world will surely remain an unfair place; group leadership theory suggests, however, that it may be a bit less so in the future.

This is in line with recent research – notably from Max Roser from the University of Oxford, who argued in 2018 that the world *is* getting better, even though surveys show that people hold different beliefs: ‘In Sweden 10% thought things are getting better, in the US they were only 6%, and in Germany only 4%’. Also along this line, a recent book from April 2018 from the Swedish writers, Hans Rosling, Anna Rosling Rönnlund and Ola Rosling, concludes that ‘the world, for all its imperfections, is in a much better state than we might think’, from the percentage of the population living in poverty, to the statistics of girls finishing school. As well as getting better, a few are already on the right path to promote cooperation, and this even in the US. John Kasich, governor of Ohio, wrote in *Foreign Affairs* in its July 2018 edition:

On challenge after challenge, we are better off working together than going it alone. To secure our economic future, we must prepare our workers for the future rather than retreat into protectionism. To deal with global threats---from Russian aggression to nuclear proliferation to cyber attacks---we need to harden our defenses and reinvigorate our alliances. To fight terrorism, we must be more discerning about when to commit American power and insist that our allies bear more of the burden. To deal with the rise of China, we must strike the right balance between cooperation and confrontation.

And the governor is also correct when he mentions that ‘the new environment demands leaner, more agile coalitions to solve such problems [security threats] swiftly’.

The otherwise general negative bias highlights that the world can surely live up with a few more positively axed analysts. Will you, reader, be part of spreading the word?

Acknowledgements

Since the age of nine, I've been reading at a fairly standard rate: one book a week. The type of book has naturally evolved from *Fantomas*, to Emile Zola, to international relations literature. I've come to realise that, very representative of my millennial-short-attention span generation, I start feeling bored with most books after a hundred-something pages. 100 pages is roughly the point where I understood the argument fairly well, and where the marginal increase of reading on becomes close to irrelevant. I have therefore strived to keep the book concise and within this completely arbitrarily book range.

As you, the reader, will have noticed, I have also taken many liberties. Not writing within an academic context, I have let go of heavy referencing, and allowed myself to be blunter – and even more creative. This was indeed liberating.

After writing three books and spending the last seven years as an observer, watching world events pan out, I have come to the conclusion that I needed to partake in the change. Passively looking at other's actions does not satisfy me any longer; I need some action. While I haven't decided what I will do next, I will take a break from writing to allocate time for building something tangible – and hopefully, do something tangible enough that it will attract some observers who will in turn criticise my undertakings. That would only be fair from them after I have spent so much time doing that myself.

As this is the 'Acknowledgements' section, some accolades are hence over-due. When I was a teenager, I wanted to be able to open a newspaper and understand what was going on in the world. I think I can now do that to some extent. Reaching that point was made possible by my parents, my partners, my brother, and my many teachers (from my school, Jeannes d'Arc, to EPFL, KTH, Imperial College, GSD, King's College, and HSG). Each one of them deserves a big 'thank you'.

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Farewell, readers!

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