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Special Topics: Introduction to Political Risk Analysis

Professor

Dr. Matthew Taylor

American University

(Washington D.C.)

Visiting professor at IDP

Hourly credits

40 hours

Classes: 28 hours

Individual Work: 12 hours

Class dates

October 06, 08, 13, 20, 22, 27, 29 and November 03.

Class times

Tuesday: 19h00 - 22h00

Thursday: 19h00 - 22h00

Course description

Human rights groups, emergency relief organizations, governments, and multinational corporations all worry about political risk and its ability to undermine geopolitical stability, bend development trajectories, destabilize local peace and order, affect financial markets, and otherwise damage their organizations' ability to achieve their strategic objectives.

Drawing on lessons from practitioners in the public and private sectors, as well as the academic field of risk analysis, this course proceeds in two roughly equal phases. In the first, students will evaluate the various sources of political risk and how they have evolved over time. The second section discusses models for analyzing political risk, and the promise and pitfalls of prediction.

By the end of the course, students will be able to:

-Discuss the sources of political risk, and their evolution over time;

-Use multiple approaches to political risk, including bottom-up, mid-level, and cross-country comparative approaches;

-Critically appraise models of political risk analysis, demonstrating awareness of the possible shortcomings of each model or mode of analysis;

-Offer strategies for risk mitigation.

Teaching method

The course will be taught in English.

Exceptionally, and in light of the recommendations of public health authorities seeking to contain the Coronavirus (Covid-19) pandemic, the course will be offered remotely. Classes will be conducted by live webconferences using the Zoom software; lectures will be recorded for later access.

Student evaluation

Students will respond to four quizzes over the course of the month. At the end of the course, students will submit a 2-3 page written essay. **Quizzes will be offered in English. The essays may be written in English or Portuguese**. **The evaluation method may be reformulated depending on the number of registered students**.

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AULA 1 (October 6) – INTRODUCTION AND THE MEANING OF POLITICAL RISK

Bremmer and Keat, *The Fat Tail*, 1-36 (Chapters 1 and 2).

Darryl S. L. Jarvis and Martin Griffiths, "Learning to Fly: The Evolution of Political Risk Analysis," *Global Society 21*, no. 1 (January 2007): 5-21.

AULA 2 (October 8)- CREATING A GLOBAL RISK INDEX; POLITICAL RISK IN PRACTICE (MARCIO CUNHA FILHO)

Rice, Condoleeza, and Amy Zegart, *Political Risk: How Businesses and Organizations can Anticipate Global Insecurity* (Chapters 1-3).

AULA 3 (October 13)- MODELS OF POLITICAL RISK I: PRS AND FUND FOR PEACE

Fund for Peace Fragile States Index (https://www.alnap.org/system/files/content/resource/files/main/FSI-Methodology.pdf).

Leituras complementares:
Armijo, Leslie Elliott, Daniel C. Tirone and Hyoung-kyu Chey. "The Monetary and Financial Powers of States: Theory, Dataset, and Observations on the Trajectory of American Dominance," *New Political Economy*, 2019.

Howell, Llewellyn and Brad Chaddick. "Models of Political Risk for Foreign Investment and Trade. An Assessment of Three Approaches," *The Columbia Journal of World Business*, Vol. 29, No. 3 (1994): 70-91.

Standard & Poor's, "Sovereign Rating Methodology," 2017, at shorturl.at/kyKW5.

AULA 4 (October 20)- POLITICAL RISK: WEALTHY VERSUS MIDDLE INCOME COUNTRIES (MURILLO DE ARAGÃO)

Francis Fukuyama, "America in Decay: The Sources of Political Dysfunction," *Foreign Affairs* 93, no. 5 (September/October 2014): 5-26.

The Economist, "Less of the Same," August 19, 2017.

The Economist, "Augean Angola," May 5, 2018.

The Economist, "Party Guy,' December 1, 2018.

Leitura complementar:

Jensen, Nathan. "Political Risk, Democratic Institutions, and Foreign Direct Investment," *The Journal of Politics,* 70:4(2008): 1040-1052.

AULA 5 (October 22)- POLITICAL RISK UNDER UNCERTAINTY: GENERATING HYPOTHESES

Transition Integrity Project, "Preventing a Disrupted Presidential Election and Transition," available at: https://assets.documentcloud.org/documents/7013152/Preventing-a-Disrupted-Presidential-Election-and.pdf

Schwartz, Peter, *The Art of the Long View: Paths to Strategic Insight for Yourself and Your Company,* Introduction (pp. 3-15); Appendix: Steps to Developing Scenarios (pp.241-248)

AULA 6 (October 27)- POLITICAL RISK IN GLOBAL OIL MARKETS (JOÃO CASTRO NEVES)

A definir

AULA 7 (October 29)- MODELS OF POLITICAL RISK 2: THE PRINCE MODEL

Coplin, William and Michael Leary, *Everyman's Prince: A Guide to Understanding Your Political Problems*. North Scituate: Duxbury Press, 1972, pp. 1-26.

The Economist, "Maduro rap," April 4, 2020.

The Economist, "A bloody stalemate," April 4, 2020.

The Economist, "Trump v the troika of tyranny," April 27, 2020.

The Economist, "Removing Maduro," January 26, 2019.

Leitura complementar:
Bueno de Mesquita, Bruce, *The Predictioneer's Game: Using the Logic of Brazil Self-Interest to See and Shape the Future* (New York: Random House, 2009), Chapter 4 ("Bombs Away").

AULA 8 (November 03)- RISK MITIGATION

Rice and Zegart, *Political Risk,* Chapters 8 and 9 ("The Nuclear Triad…" and "Zulu Time").

PROFESSOR

Dr. Matthew Taylor	Matthew Taylor holds a Ph.D. in Government and an M.A. in Public Policy from Georgetown University. He earned his undergraduate degree from Princeton University, where he studied Politics. From 2016-2017, he was Adjunct Senior Fellow for Latin America Studies at the Council on Foreign Relations. He has worked extensively in political risk analysis, both prior to entering academia and since, as a consultant to firms in the field. He currently is an associate professor in the School of International Service at American University. Taylor lived and worked in Brazil for more than a decade between 1993 and 2011, where he helped to found Tendências Consultoria, a consulting firm in São Paulo, and taught at the University of São Paulo. He is the co-editor or author of four books on corruption, judicial politics, foreign policy and development in Brazil. His most recent book is *Decadent Developmentalism: The Political Economy of Democratic Brazil* (forthcoming, Cambridge University Press).

GUEST SPEAKERS

Dr. Murillo de Aragão **(confirmed)**	Dr, Murillo de Aragão is the founder and CEO of Arko Advice Pesquisas Ltda., one of the most prestigious political analysis firms in Latin America. He is a professor, journalist, lawyer and political scientist with an international reputation. He is also president of the Brazilian Institute of Legislative Law (Instituto Brasileiro de Direito Legislativo) . From 2017 to 2019 he served as president of the Council for Social Communication Affairs of the Brazilian National Congress. He is a regular op-ed columnist for *O Estado de São Paulo* newspaper and *IstoÉ* magazine. A lecturer with broad international experience, he was a professor at the University of Brasília. Dr. Aragão wrote two books on political matters and co-authored several others. Dr. Aragao is an Adjunct-Professor of International and Public Affairs at Columbia University (New York) since 2018.

Dr. Márcio Cunha Filho (confirmed) 	Marcio Cunha Filho is a professor at the IDP Law School, where he leads the research group "Law and Behavioral Sciences." He holds an SJD from the University of Brasilia Law School and was a research fellow at the Center of Latin American and Latino Studies at American University (2016-2017). He has been a federal auditor at the Office of the Comptroller General (CGU) since 2012. He is also associate editor of the CGU Journal, member of the Council of Science Editors (CSE) and member of the University of Brasília Ethics Committee. He is the coauthor of the book "Right to Information Law: Theory and Practice" (2014). His research focuses mainly on government transparency and accountability, as well as legal education and legal analysis.
Dr. João Castro Neves (confirmed) 	Dr. João Castro Neves is a global professional with extensive experience in international government relations, strategic consulting, scenario planning, political risk analysis and advisory for high-level corporate, financial services and government clients. He currently works as director for international government relations at Exxon Mobil in Washington, DC. Prior to XOM, was director for Latin America at Eurasia Group, the world's leading political risk firm. Neves has lectured at top-ranked universities around the world and conducted extensive research on geopolitics, trade and energy. Widely published and numerous appearances in leading global publications and media (e.g. The *New York Times, The Economist, Financial Times,* CNN). Born in Rio de Janeiro, was raised in London, Brasília, Washington, and Ottawa. PhD in Political Science from the University of São Paulo (USP).

Obs: Participation of Guest Speakers may be altered according to availability.