QUID PERICULUM?

MEASURING & MANAGING POLITICAL RISK IN THE AGE OF UNCERTAINTY

CHRISTOPHER MCKEE & PETER MARBER

Published by

The PRS Group, Inc.
290 Elwood Davis Rd, Ste 290, Unit 3
Liverpool, NY 13088-2133 USA
Tel: +1 (315) 431-0511 • Fax: +1 (315) 431-0200

www.PRSgroup.com

© The PRS Group, Inc., 2021 Quid Periculum? Measuring & Managing Political Risk in the Age of Uncertainty ISBN: 978-1-950944-08-8

Printed in the USA

PRS' products are limited publications containing valuable market information provided to a select group of customers in response to orders and our customers acknowledge when ordering that the reports so ordered are for our customer's own internal use only and not for general publication or disclosure to third parties. This publication may not be copied or given, lent or sold to third parties without written permission nor may its contents be disclosed to non-customers without written permission. All rights (including copyright) reserved to the copyright holder. PRS publications are based on information believed by us to be reliable. No guarantee or warranty is made to users that the information is accurate or complete. The risk ratings are the result of study and analysis of information regarded as relevant and represents our best judgment. These ratings are not our recommendations to make commercial decisions and should be regarded as only one factor by management in making such decisions in their own business judgment. No guarantee or warranty is made to users that the ratings are accurate or reliable. The Service is offered to users AS IS with NO WARRANTIES, EXPRESS OR IMPLIED, including without limitation the WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSES.

Table of Contents

Quid Periculum?

Measuring & Managing Political Risk in the Age of Uncertainty

	<u>Page</u>
Introduction	
Part I – Approacl	ning 21st Century Political Risks
Chapter 1.	Country and Political Risk Analyses: "What Are They?" **Llewellyn D. Howell
Chapter 2.	The Value of Precision in Probability Assessment: Evidence from a Large-Scale Geopolitical Forecasting Tournament Joshua D. Baker, Jeffrey A. Friedman, Barbara A. Mellers, Philip E. Tetlock, Richard Zeckhauser
Chapter 3.	Fitch Sovereign Ratings Methodology Fitch Ratings, Ltd
Chapter 4.	Do Credit Rating Agencies Get It Right Or Wrong? H. David Spegel
Chapter 5.	Resolving Sovereign Debt Crises: The Role of Political Risk Christoph Trebesch
Chapter 6.	International Business Risk: Political Sources, Framework and COVID-19 Case Study Jay van Wyk
Chapter 7.	Rethinking Political Risk Analysis in Developed Economies Julian M. Campisi
Part II – Political	Risk and Investments: Scholar and Practitioner Perspectives
Chapter 8.	Roundtable Discussion on Political Risk Michel-Henry Bouchet, Parag Khanna, Peter Kraus, Price Lowenstein, and Ted Merz

	Chapter 9.	Dynamics of Political Risk Rating and Stock Market Volatility Muhammad Tahir Suleman and John Randal	.175
	Chapter 10.	The Political Risk Factor in Global Asset Prices Nebojsa Dimic, Vitaly Orlov, and Vanja Piljak	.207
	Chapter 11.	Foreign Direct Investment in High-Risk Environments: An Historical Perspective Mark Casson and Teresa da Silva Lopes	
	Chapter 12.	Political Risk Spreads Geert Bekaert, Campbell R. Harvey, Christian T. Lundblad, and Stephan Siegel	.255
	Chapter 13.	Political Risk Insurance: A New Firm-level Data Set Vincent Arel-Bundock, Clint Peinhardt, and Amy Pond	.287
Part II	II – Knowns	s, Unknowns, and the Age of Uncertainty	
	Chapter 14.	Managing Political Risk with Gold? Shaokai Fan	.307
	Chapter 15.	Global Political Risks in the Age of Artificial Intelligence Daniel Araya	.315
	Chapter 16.	A New Chinese World Order? Richard Harrell	.323
	Chapter 17.	Terrorism and Risk: Perception, Reality, and the Importance of Data Hannah Ritchie, Joe Hasell, Cameron Appel, and Max Roser	.335
	Chapter 18.	Globalization, Information, and the Evolution of Political Risk Peter Marber	371
	Chapter 19.	From Discourse to Data: A Personal Account of the Political Risk Business Over the Last 25 Years Christopher McKee	.381
Appen	dix		
	Appendix:	About the Authors	.393