

COURSE SYLLABUS
George Mason University-Schar School of Policy and Government

Country Risk Analysis—ITRN 759-42766-B01
Course Credits: 3
Summer 2018
Days/Time: Tuesdays and Thursdays 7:20-10:00PM

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Course Description and Purpose:

The risks inherent in doing international business in countries around the world have arguably never been greater. While in recent years emerging economies have embraced business-friendly policies and the threat of nationalization by governments has receded in most places, a host of new risks has emerged. These include regulatory risk, corruption, and threats against key corporate personnel, assets, and networks by criminal organizations and transnational terrorists. Global companies also must plan for the possibility of supply chain disruptions caused by natural disasters, infectious diseases, cyber attacks, and geopolitical conflict.

This course will consider the nature of the contemporary risks facing firms operating in the global marketplace, how these risks compare to those that have confronted companies in the recent past, and what strategies can be implemented by international companies—particularly those with complex supply chains—to minimize their vulnerabilities in this new era of heightened uncertainty and risk.

Course Materials

“The Economist Guide to Country Risk Analysis, Mina Toksoz, Economist Books, 2015.

“The Economist Guide to Emerging Markets”, Edited by Aidan Manktelow and Frida Wallin, 2014.

“The Fat Tail” by Ian Bremmer and Preston Keats, Oxford University Press, 2009.

“Top Risks, 2018”, Eurasia Group, www.eurasiagroup.net.

Current WSJ, FT articles; Selected country risk/political risk publications.

Course Learning Objectives

This course is designed to introduce students to the different kind of country risks (i.e., political, legal, financial, operational, etc.) that multinational companies face operating both in developing countries and long established countries undergoing political turmoil. Through lectures, readings, case studies, and class projects the course will analyze the different tools and strategies companies use to identify, measure, and manage risks.

The concepts, skills, and analytical tools taught in this course will enhance students' abilities to identify opportunities and risks in the global marketplace and formulate successful international strategies. Knowledge in the subject can broaden possible employment opportunities for students. While private sector insurance companies and large consulting firms have been traditionally involved in country risk assessment, smaller financial firms, ratings services, energy firms, and large banks now attempt to navigate this space. Also, many International/Governmental Organizations like the World Bank, OECD and OPIC, and the US State Department regularly look for employment candidates with in-depth knowledge of these issues.

Teaching and Learning Methods—Class Participation

Students should be prepared to discuss reading assignments in each class. During the course you will be picked to summarize or critique an assigned article or case. Failure to contribute adequately in such cases will lead to a loss of participation points.

Assignment Details

Students will be asked to perform baseline research and monitor events with reference to class topics in a country assigned to them. In the first class students will indicate coverage preferences among the following countries: UK, Brazil, Turkey, China, Russia, India, Mexico and South Korea. Depending on the number of students in the class these exercises might be conducted by small teams of 2 or 3 students. Students will be asked specific questions each week on events in their designated countries and that discussion will encourage participation by the rest of the class.

At the end of the semester, each student/team will make a presentation to the class on their findings/assessment of current country risk.

A research paper will also be required –again focusing on each student's country of coverage. Each student should pick three current events with political risk of significance to their chosen country's financial market, or to possible corporate or government entity clients. Each student should then analyze these events, their relevance and implications, for the type of client chosen and forecast plausible outcomes.

Grading and Performance

Attendance and Class Participation	25%
Country Analysis	25%
Group Project/Presentation	25%
Final Exam	25%

Class Schedule/Course Topics (Subject to Revision Based on Global Events over next several months/Readings similarly will be updated/revised/supplemented)

Class 1- June 5, 2018

Introduction to Country Risk Analysis/Dealing With Uncertainty

Readings: "The Fat Tail," Bremer & Keats, Chapters 1 & 2;
"Country Risk" Tuko, Chapters 8 & 9.

Class 2-June 7, 2018

Country Risk Methodologies/Risk Indicators & Early Warning Systems

Readings: Tuko, Chapters 10, 11 & 12.

Class 3-June 12, 2018

Geopolitics, Political Risks, Major Trends & Capital Markets

Readings: Bremer, & Keats Chapters 3 & 4;
"Strongmen and Straw Men: Authoritarian Regimes and the Initiation of International Conflict", American Political Science Review (2012); other readings on issues such as Global Refugees & Accelerating Digital Economy.

Class 4-June 14, 2018

Political Risk in Developed Markets

Readings: Jensen, N. "Political Risk, Democratic Institutions and Foreign Direct Investment" The Journal of Politics, Vol. 70, No. 4 (2008): 1040-1052.
Hall, P. "Varieties of Capitalism and the Euro Crisis." West European Politics. Vol. 37, No. 6 (2014): 1223-1243; other readings.

Class 5-June 19, 2018

Political Risk in Emerging and Frontier Markets

Readings: "Guide to Emerging Markets," Parts 1 & 2, Manktelow,
"The Fat Tail," Bremer & Keats, Chapters 4 & 5; "Breakout Nations: In Pursuit of the Next Economic Miracles," 2012, Chapters 1, 13 & 14;
"Entrepreneurship in Post Conflict Zones" Council on Foreign Relations Working Paper, May 2012; other readings.

Class 6-June 21, 2018

Financial Systems and Country Risk Analysis

Readings: "How Healthy is the Global Financial System?" Mohamed El-Erian, July 10, 2017; "Balancing Financial Stability, Innovation, and Economic Growth, World Economic Forum White Paper, June 2017; other readings.

Class 7-June 26, 2018

Economic Growth and Country Risk Analysis

Readings: The New Dynamics of Financial Globalization, Aug. 2017, McKinsey Global Institute"; S&P Global Credit Outlook for Banks; other readings.

Class 8-June 28, 2018

Fiscal & Monetary Policy and Country Risk Analysis

Subtopics: Balance of Payments, Sovereign Debt

Readings: "Analyzing/Managing Fiscal Risks-Best Practices," IMF, May 4, 2016; "Financial Sector Stability Assessment on China" Dec. 7, 2017, IMF; other readings.

Class 9-July 5, 2018

Cryptocurrencies/Risks to Capital Markets

Readings: "The Cryptocurrency Market Is Growing Exponentially", MIT Technology Review, May 29, 2017; "Ripple Cryptocurrency Surges as Japanese groups agree to use it", Financial Times, December 29,2017; "How the US and the world regulate bitcoin and other cryptocurrencies," "MarketWatch, December 28, 2017; "Venezuela is launching a cryptocurrency backed by oil, gas and gold," CNBC Dec. 3, 2017; "Israel mulls developing own national cryptocurrency," i24NEWS, Dec. 26, 2017; other readings.

Class 10-July 10, 2018

Cybersecurity Risks/Challenges

Readings: "The Future of Things "Cyber," Michael Hayden, World Affairs Council, June 28, 2012; "Our top 7 cyber security predictions for 2018," CSO December 18, 2017; "China's Cybersecurity law gives the Ministry of State Security unprecedented new powers over foreign technology" Recorded Future, August 31, 2017; The State of Cybersecurity: Global Outlook for Industries, Services, and Individuals," AIG.com, November 1, 2017; "Nation-State actors responsible for most cyber attacks," ComputerWeekly.com, September 22, 2017; other readings.

Class 11-July 12, 2018

Populism and Terrorism Converge to Compound Global Risks.

Readings: "Political Risk, Terrorism and Political Violence Maps" AON 2017; "Risk Assessment Support for Money Laundering/Terrorist Financing," The World Bank, February 29, 2016; "Top Risks, 2018" Eurasia Group; "What's in APEC's New Anti-Terror Financing Group" The Diplomat, Dec. 2, 2017 "Global Terrorism Index," Institute for Economics & Peace 2015; other readings.

Class 12-July 17, 2018

Will The Global Technology Race Launch A New Cold War?

Readings: "Top Risks 2018" Eurasia Group; "For Superpowers, Artificial Intelligence Fuels New Global Arms Race," Wired, September 8, 2017; "US, China and India are winning the global robot race," August 21, 2017; "Be Afraid: China is on path to global technology dominance," South China Morning Post, May 24, 2017; "Top 10 Countries with most AI Professionals," Chinadaily.com July 13, 2017; other readings.

Class 13-July 19, 2018

Team Meetings

Class 14-July 24, 2018

Team Presentations

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