

**Bankers Trust
Company**



**International
Assessment**

International Economics

280 Park Avenue, New York, N.Y. 10017 U.S.A.

POLITICAL RISK ASSESSMENT: COURSE MODULE

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DRAFT

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POLITICAL RISK ASSESSMENT: COURSE MODULE

9:30 - 10:00 History and Purposes of Political Assessment:

Risks and Uncertainty

- Unwillingness to pay loans
 - USSR, PRC, China
 - Debtors' OPEC
- Inability to pay
 - Instability: Iran, Nicaragua
 - Economic Mismanagement: Mexico
 - Bad Luck: Ivory Coast

Opportunities

- Zimbabwe, Sri Lanka, China

Strategic Planning

- Debt Crisis of 1982-3

Negotiations

- Nicaragua 1980

International Versions of All of the Above

- Lebanon
- South Africa / Nigeria

Influence and Advice

- IMF Conditionality
- Commercial banks' advice (rare)

Marketing

- Product Differentiation

11:00 - 11:15 Analyzing Instability

Quantitative Methods and Their Inadequacies

- The Ups and Downs of GNP
- Inequality / Land Inequality
- Degree of Official Violence
- Geography
- Key problems: Theory, Reliability, Validity
- Frost and Sullivan

Qualitative Analysis: The Organizational Approach

- Governments, Parties, Insurgencies are all Organizations
- The Key to Political Assessment is Analysis of Political Organizations and their Interactions
- The Structure of Organizations:
 - Top Leadership
 - Supporting Institutions
 - Social Base
- Kinds of Organizational Competition:
 - War
 - Elections
 - Economic Competition
- Kinds of Instability
 - Policies
 - Leaders
 - Institutions
 - Values
 - Domestic Violence
 - Inter-state Conflict
- Case Studies of Korea and Phillipines

11:15 - 11:30 Break

11:30 - 12:30 Economic Mismanagement

- Subsidies
- Inefficiency / Protectionism
- Pricing / Loss of Markets
- Currency Overvaluation
- Corruption
- Overinvestment
- Misplaced Investment (Usually in Heavy Industry)

12:30 - 1:30 Lunch

1:30 - 2:15 Multinational Corporate Risk

Business Interests
Business Risks

2:15 - 3:30

Using Scenarios

Types of Scenarios

- Business-as-Usual
- Surprise-free
- Surprises

The Need for Integrated Political-Economic Scenarios

Case Study of Brazil

- Abertura: Muddling Through Scenario
- Military Crackdown Scenario
- Military Egalitarianism Scenario
- Surprises

Class Exercise: Mexico

3:30 - 3:45

Break

3:45 - 4:30

International Issues

Basic International Relationships

- West-West
- North-South
- East-West
- East-East

Survey of Trends Along Each of Those Axes

Other Key Issues

- Relations with U.S.
- Position on Key Third World Demands
- Relations with Neighboring Countries

4:30 - 5:00

Management Issues