This is a great book on political risk. It is probably one of the most inspiring books for anyone interested in the topic. The book is full of interesting examples that help motivating and understanding the topic.

Chapter 1 presents an interesting introduction that includes a nice motivation of why political risk is so important in modern strategic management and investing.

Chapter 2 presents a discussion on risk and uncertainty and why this matters for managers.

Chapter 3 presents an interesting discussion on geopolitics, and in page 55 presents an interesting list of actions that could potentially help firms to deal with geopolitical risks.

Chapter 4 discusses the effects of political events on capital markets. Some of these effects are due to direct governmental events, while others are due to political events that have not been performed by governments but are still political in nature (like boycotts, terrorism, strikes and civil wars) since they are the response of some group to a government action. The chapter does a great job in describing their effect on investors’ wealth.

Chapter 5 is devoted to the analysis of domestic instability; namely revolutions, civil wars and state failures. This chapter has an extremely interesting approach that will help the reader to identify civil strife in advance. The discussion is very interesting and is filled with examples, unfortunately lacks hard data that would have been nice to analyze. The chapter ends with several recommendations for coping with this risk.

Chapter 6 discusses the important issue of terrorism. It starts by giving some information regarding the origins of the term and of terrorism itself, and then turns into more current events by analyzing several of the terrorist movements that have been active in the past 50 years.
Chapter 7 presents an analysis on expropriations, one of the most interesting issues on political risk. The chapter starts offering several reasons why governments expropriate. It then moves to an interesting discussion regarding the possibility to predict an expropriation in advance. The chapter ends with a discussion on how to mitigate expropriation risk in a country.

Chapter 8 has an interesting discussion on regulatory risk. It uses a nice example of an investment in South Korea by a Texas-based investment fund and the difficulties it encountered because of changes in foreign investment sentiment that triggered changes in regulation. The chapter ends offering some regulatory risk mitigating strategies.

Chapter 9 is devoted to the discussion of the reporting and warning in politically unstable countries. Information about what is going on is crucial and it is sometimes hard to obtain in a suitable form in emerging economies. Massive amounts of data and cultural biases, among others are barriers to obtain reliable information.

In their Conclusion, the authors strengthen the importance of approaching risk management in a holistic way including all the risks in an integrated analysis.

Overall, I think this is a good book, worth reading if you are interested in Risk Management. Some of the discussions that are placed in specific chapters could be easily generalized into a more general framework for any political risk (and not only for regulatory risk for example). Still, the book is very interesting and very inspirational.