🚫 Risk measures

> 💡 The goal of this page is to define the risk measures that will be used by the app.

To judge the state of affairs between two countries, the political, economic, or cultural relations between them needs to be determined. The higher the **alignment** between the countries, the better their relationship.

Risks are all factors that disturb the assurance of a life for the nation that is as tranquil and boring as residence in the suburbs.

Below is a characterisation of the disputes (*risk dimensions*) that increase the *risk measure* between two countries.

Note: These disputes will be sourced from OSINT tools and will be processed by the risk model to update the risk between two countries.

Characteristics of risk dimensions:

- they should be able to be quantified reasonable easily
- they need to be able to be cross verified with reliable databases (for historic data that is used for training especially)

The assumption behind using national level risk measures

- diplomatic relations are based on a country's situation
- risks to diplomatic relations comes from risks within countries (a difficult situation is prone to make a country selfish)
- the risk measures can be compared to make historical extrapolations between countries

Political

A political risk is a factor that has the ability to destabilise the political system in a country, thus limiting the government's ability to play the role it needs to.

The subclasses of political risks are:

- political dividedness

- reliability of the legal system

- corruption

- inappropriate government intervention

- declining democracy

- terrorism

- civil wars; coups

Economic

An economic risk is a factor that threatens a country's economic stability in the short term and property in the long term.

The subclasses of economic risks are:

- supply chain risks

- interest rate volatility

- high inflation

- low growth

- stock market volatility

- high unemployment

- government debt

Cultural

A cultural risk is a fundamental undermining of cultural understanding between the public.

The subclasses of cultural risk are:

- cultural censorship

- religious tensions

- migration

- social revolutions

Other topics of articles you could find

- Entertainment

- Science

- Nature

(there are a total of 6 topics articles are classified into)

Bilateral relations

This risk to bilateral relations will be classified into the following subclasses:

- political

- economic

    - foreign exchange rate volatility

    - trade barriers

- cultural

Each of these will only connect to the respective type of risk within each country. The overall risk to bilateral relations will be obtained by putting together the each of the subclasses.

Defining the risk measure

The *risk measure* is a scale that defines the magnitude of the risk present in a given risk dimension.

Risk measure	Meaning
0	No risk at all
2	Normal situation
5	Notable risk (possibility of escalation)
8	Tense situation
10	Imminent disaster

Additions to the risk score will be quantified as follows:

Change is risk measure	Meaning
-2	De-escalation of situation
0	Unrelated to risk
+2	Minor threat; creates difficulty
+4	Notable threat to communities and stability
+6	Major threat; threatens lives and livelihoods

References