

## Brave New World

In this issue we bring together a number of disparate stories from around the world, including Brazil, Russia, the United States and Western Europe. At first glance, the stories may not seem to be closely related: the wild ride investors in Russia face following the Kremlin's recent intervention in the business world; the efforts of Brazil's corporations to shed the burden of poor credit ratings; the impact of new banking regulations on corporate finance; and growing evidence from Europe and the US that corporations behaving in a socially responsible way are beginning to reap real, quantifiable rewards.

Look closely, though, and it becomes apparent that all these stories form part of a bigger picture, and in that picture we can see the future of global business. Russia's oligarchs, who have been indulging in a ruthless and lucrative gold rush, are finding themselves under investigation, not least for their aversion to paying taxes. Whatever President Putin's real motivation for his attack on the business elite, the effect has been to shine a dazzling spotlight on Russian corporate behavior.

Investors who got their fingers burnt in Russia might be wishing they'd gone to Brazil, where an intense focus on corporate accountability and transparency—by both regulators and businesses—is helping fuel a dramatic recovery. Foreign capital, which fled in the wake of Lula's victory in the presidential race, is rushing back in. In large part this is because the new focus on transparency means investors know what they're getting into when they put their money in Brazil.

Meanwhile, banking regulators in the developed markets are tightening the rules on credit quality for lenders. Companies are finding that their credit ratings are taking on a whole new meaning. They're also finding the ratings agencies and regulators are both looking for the same thing: transparency.

And the impact of all this responsible corporate behavior? According to our story on corporate social responsibility, it is a measurable boost for both a company's bottom line and its valuation.

As the different pieces fall into place, it seems we may finally be creating a world where the bad guys get punished and the good guys get the rewards they deserve. Truly, a brave new world.

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