Name of Student

Name of Professor

Name of Class

Day Month Year

Dollarization and Corruption

**How Business is Done in the Developing World: Deals versus Rules by Mary Hallward and Lant Pritchett (2015)**

 The paper analyzes the ways of doing business through rightful entitlement or de facto means. In this regard, the formal costs and the time are linked together as far as measures of regulation are concerned. Firstly, considerable disparities are observed in reported to execute the same transactions by companies working the uniform official policy. Secondly, there have been variations in regulatory agreements as the companies have reported actual time substantially less than the Doing Business stated days. Thirdly, the data indicate much difference between preferred and non-preferred companies located in the same area. In this context, preferred organizations show marginal variations; therefore, Doing Business demonstrates less analytical power for the reported times.

As for non-preferred companies, the variations are higher even though it is not expressively connected to Doing Business. Fourthly, when various organizational surveys are there, the correlation is less over time, alongside a reduction in Doing Business days which are expected to be supplemented by more organizational Survey time in days. Comparison of these two types of measures indicates various approaches of thinking regarding policy application, what “an environment” for companies in a particular country may refer to, and what the ways about “policy reform” actually are (Hallward-Driemeier, Mary, and Lant Pritchett). Moreover, in developing countries, there are problems regarding the rule of law and corruption. Therefore, "Doing Business" is not smooth in such nations as compared to the developed ones. The countries where the rule of law is not very effective, bribery has become a common practice over there. In this respect, firms have to spend more even to get their legal things done. In this environment, businesses think that the overall environment is not favorable for them. However, developing countries should facilitate businesses to operate on their land because they need business activities for the betterment of their economy.

The companies and businesses that are willing to pay more to different departments in order to get their work done manage to succeed in the environment of developing countries. The responsibility lies on the government's shoulders to provide all business with level playing fields so that all the companies have equal chances to grow. For this purpose, strict enforcement of law and order situation is essential. According to the common observation, the implementation of policy is often different from the stated policy in a certain way. It indicates that the weakness of institutions in developing countries when it comes to enforcing strict laws. The companies tend to make under the table deals with the authorities to run their businesses successfully. As a result, the illegal activities and corruption of such firms remain unaccountable.

Most of the times the goodwill of the rulers plays a vital rule in the overall development of the market, and this trend was observed in Indonesia under Suharto. Thus, instead of enforcing strict laws in developing nations, the institutions need to be strengthened as the strong and autonomous govt. Institutions ensure businesses’ compliance with regulations. Also, the overall environment will become favorable for "Doing Business." Two questions arise: up to what extent governments are fulfilling their responsibilities to strengthen institutions in the country for “Doing Businesses”? What is public perception regarding corruption in developing countries?

**Latin America's Anti-Corruption Leaders: "Corruption Always Fights Back" BY AQ (April 4, 2018)**

In some societies, people get used to corrupt practices, and that is why when strict actions are taken against corruption, the strong reaction comes from different factions whose interests are directly or indirectly associated with corrupt practices. In this regard, the crackdown on the Gas Station in Brazil resulted in the imprisonment of several people. The movement against corruption is not just limited to Brazil rather the whole region is facing anti-corruption strides. Sergio Moro, Jose Ugaz, Brian Winter, Claudio X. Gonzalez shed light on the situation of Latin’s America’s historic raids on graft.

The discussion is important because all of the individuals in the discussion are or have been associated with corruption investigation or movement, so, they are in a better position to express their views. **Sergio Moro** is a federal judge, who is supervising the Car Wash corruption scandal in Brazil; **Claudio X. Gonzales** is the co-founder and head of the civil society group in Mexico which is demanding accountability in government.; **Jose Ugaz** is the ex-chair of Transparency International; also, he was the one who played a vital role regarding corruption investigation of former President of Peru Alberto Fujimori (Latin America's Anti-Corruption Leaders: "Corruption Always Fights Back). According to Jose Ugaz, there is always a resistance against corruption, and it has been evident in other places. Through these remarks, Ugaz meant that beneficiaries of corruption use all their influence to fight against anti-corruption charges. When there are loopholes in the overall system of the country, then businesses and organizations find many ways to exploit the conditions, and over the years they safely make a huge profit and get away with the law. Also, the investigations against corrupt elements is not an easy task in such countries because institutions do not facilitate much as they also take advantage of the corrupt system.

In addition, under the weak law and order situation, mafias develop over the years, and they expand their legal and illegal businesses under the nose of governments. However, it’s the positive sign that Sergio is determined in the investigation for corruption, and is saying that nothing is hindering his way to fight against the evil. In order to eradicate corruption from the society, strong will and determination are required it’s not the matter of dealing with corrupt elements only rather other group who are protecting corrupt individuals or the stakeholders in the whole system need to be countered.

Moreover, Gonzales whose organization has taken the initiative against corruption is also hopeful as International Press is also supporting his cause by publishing scandals of corruption. It indicates that awareness is being created through a media campaign, which is essential because people should be well informed about the deeds of their governments, and their pressure is always significant to bring culprits to the task. It is encouraging that so many people in Brazil, Dominican Republic, Honduras, and Guatemala are protesting against corrupt lobbies and governments that are involved in corruption. This is the era of social media, and that is why corrupt practices and inefficiencies cannot remain unnoticed because the world has become a global village. Two questions arise: When will Latin American countries get rid of corrupt practices? For how long the public will be able to exert pressure on governments and lobbies to abandon corruption?

**Currency choices in Valuation: An approach for emerging markets by Guillermo L. Dumrauf (Feb 2012)**

 Undoubtedly, the dollar is a dominant currency in the international market, and its valuation determines the trends in investment by organizations. In this regard, large multinational companies are expected to maintain cash flows in dollars. The key players in the international horizon keep a close eye on the exchange rate of dollars. The change in dollar rates impacts businesses, for example, if a group of companies has made a considerable investment in bonds thinking that there would be a surge in the overall value of the dollar, but for some reason, the rate declines. In this respect, there is a significance of fair value free of the valuation of the currency which is in use as it will give certainty to business managers in a way that they will be able to make decisions through a proper framework. The situation becomes more ambiguous when general sales and expenses are in domestic currency, but still, the primary indicator is dollar which is prevalent at the international horizon.

Ideally, the choice of currency should not affect businesses much if they are showing positive indicators. The current exchange rate is appreciated or depreciated on the basis of Purchasing Power Parity (PPP) which indicates that the actual rate remains uniform over the forecast period (Dumrauf, Guillermo). According to Purchasing Power Parity, two currencies are in symmetry when certain products have the same prices in both countries. The law of price is closely linked with the PPP, which is a concept of an economy that forecasts that having taken into account the disparities in interest rates, and exchange rates, the cost of something in one country must be the same in the other country in actual terms. In the article, it is rightly suggested that there one solution to predict the exchange rate within the emerging market is to make an adjustment in the spot rate in sovereign bonds of the market, for the bonds in dollar or local currencies.

The spot rate refers to the instant purchasing price on exchanges for purchasing supplies, currencies, and securities. One of the reasons for mentioning Spot rates is because the markets in which spot rate is determined is quite vibrant. Therefore, spot rates vary with the up and down in the market. The market should be determined by the straightforward rate, and that is the reason why the spot rate is termed as the benchmark rate. Finally, two questions arise: Will any other currency emerge in the international market for businesses other than dollars? Should there be more use of spot rates on the global horizon for purchasing?

Works Cited

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