

The legal framework that created the corporate form of business has unleashed the economic growth we have seen over the last two centuries. This innovation rests on a complex system of laws and regulations that allows corporations to be self-governing. The principles of democracy demand that corporations operate within a strong system of transparency, accountability and fairness. If the recent Asian financial crisis taught us anything, it is how the lack of disclosure and transparency can open the door to corruption, poor business decisions and even economic turmoil on a grand scale.



Nowhere does the battle for defining corporate activity rage stronger than in Russia. A lonely voice for reform in this area is that of Dmitry Vasiliyev, Chairman of the Russian Federal Securities Commission. His recommendations could be the key to slicing the Gordian knot of Russia's economic problems. We are delighted to present an interview with him as a platform for making his position better known.

The articles by Stephen Davis and Stanley Dubiel provide an invaluable introduction to what corporate governance is and what foreign investors require if they are to invest in another country. The case studies they present should provide important tools for policymakers who are deciding how to structure corporate laws and regulations in newly freed economies. Our interview with Cesar Souza of Odebrecht of America outlines the constructive changes that are occurring in Latin American corporations. Likewise, Meredith Woo-Cumings provides an instructive assessment of *chaebol* reforms in Korea. Promoting sound international accounting standards, strengthening the business voice in policymaking and assisting community development are other important ways in which corporations can and should define their role in society. These topics are addressed in this issue as well.

At the first meeting of the Worldwide Movement for Democracy sponsored by the National Endowment for Democracy, held in New Delhi last February, CIPE sponsored a special session to formulate a strategy for strengthening corporate governance rules in emerging democracies. The conference participants agreed upon some forward-looking objectives in their strategy session, which are highlighted in this issue. CIPE will continue to be at the forefront of this effort. Through our global network of business associations, we will promote the principles of strong corporate governance and integrate them into our training programs. Our electronic Forum on Economic Freedom at www.cipe.org will serve as a focal point for associations, think tanks and other reform organizations to share information on promoting these principles.

These are topics crucial to democracy's progress into the 21st century. We would appreciate learning about your own reform experiences in this area, as well as your reactions to the ideas presented in the pages that follow.

A handwritten signature in black ink that reads "Willard A. Workman". The signature is fluid and cursive.

Willard A. Workman
Vice President, CIPE & Vice President,
International, US Chamber of Commerce