

The book "**CRISE E PROSPERIDADE COMERCIAL, FINANCEIRA E POLÍTICA**" - ISBN 85-89585-01-8 (Commercial, Financial and Political Crisis and Prosperity) written by Marcelo HENRIQUES DE BRITO is aimed at the reader interested in establishing the existing links between finance, business and domestic and foreign politics. The book begins by presenting the **new index iHdB** which compares countries' attractiveness for foreign investment and consequently expresses the flow of international capital. There are several versions of the index iHdB: with interest rates; with price variation; and a version for stock markets. Using published data spanning many years and for many countries, this book shows that figures for the index iHdB fluctuate around zero along the years. In the following page, two charts display some results obtained. The values for the index iHdB bring light to how a market economy works and to support the principle that **free international capital flow** requires **free international trade** in all areas.

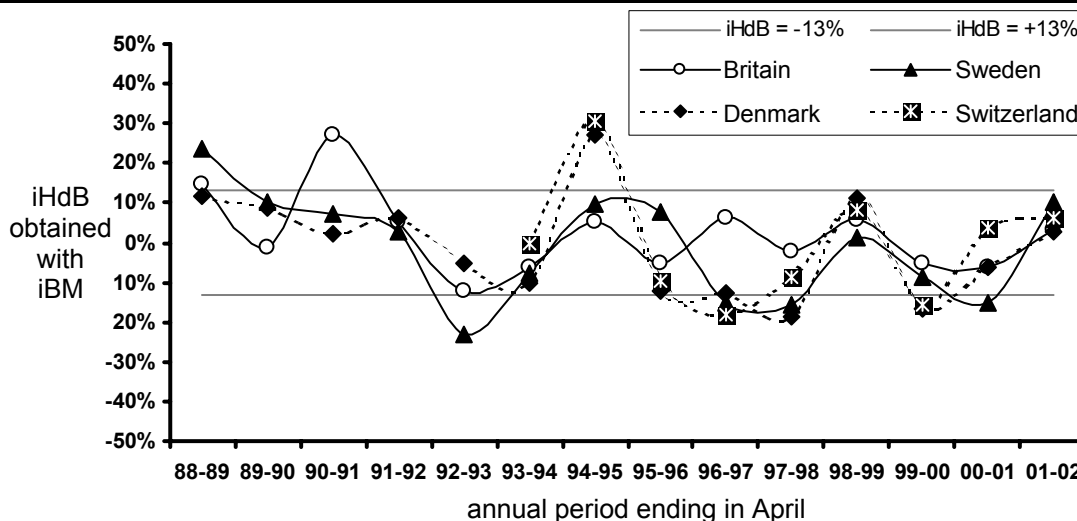
Furthermore, an **original model** displays how financial markets interact with production markets taking into account government involvement. The **new Emission-Inflation Equation** points out circumstances for deflation, inflation or stagflation (inflation with recession). Data of the Brazilian economy for several years illustrate the noteworthiness of the Emission-Inflation Equation. This equation points out the importance of money as a business tool instead as something to be simply stocked and accumulated. The existence of money allows the establishment of power levels in a society as well as numerous transactions in variety and complexity, which brings prosperity to a region and tasks to its population.

This book is comprised of **five chapters**. In the first chapter, the **iHdB Equation** is obtained, the **iHdB Cash Flow Method** is exposed and the other versions of the iHdB Equation are introduced. Moreover, the **Interest-Expectation Model** in chapter 1 points out how expectations are built and developed. Chapter 2 presents numerical application of the content in chapter 1. In view of the numerical results in chapter 2, chapter 3 presents new knowledge regarding exchange rate theory and some principles of commercial and financial activities. Their interaction is explained with more detail in chapter 4 together with the deduction of the **Emission-Inflation Equation**, starting from an illustration. Emphasis is laid to the **importance of transactions** to society's well-being. It is also shown causes and outcomes of the **unavoidable clash of interests** related to human endurance and power struggle, which transactions with money reflect. At the end of chapter 4, there is an analysis of the **impact of international payments over business in a country** as well as the goal of the **lender of last resort** and its effectiveness. Using the information from the previous chapters, there is a discussion in chapter 5 about the impact of **globalisation on finance and transactions**, which includes an appreciation of the **homeland for the international capital**. As a complement to the wealth concentration analysis in chapter 5, it is proposed in the appendix O the **new index iC** together with a new methodology to quantify the **wealth concentration in a country and in a group of countries**, such as the Euro Area and FTAA. This original book results from **life experience** and a **thorough study of various disciplines** during many years in order to produce its 490 pages, including introduction, contents, list of illustrations, tables and equations; references, appendix and index.

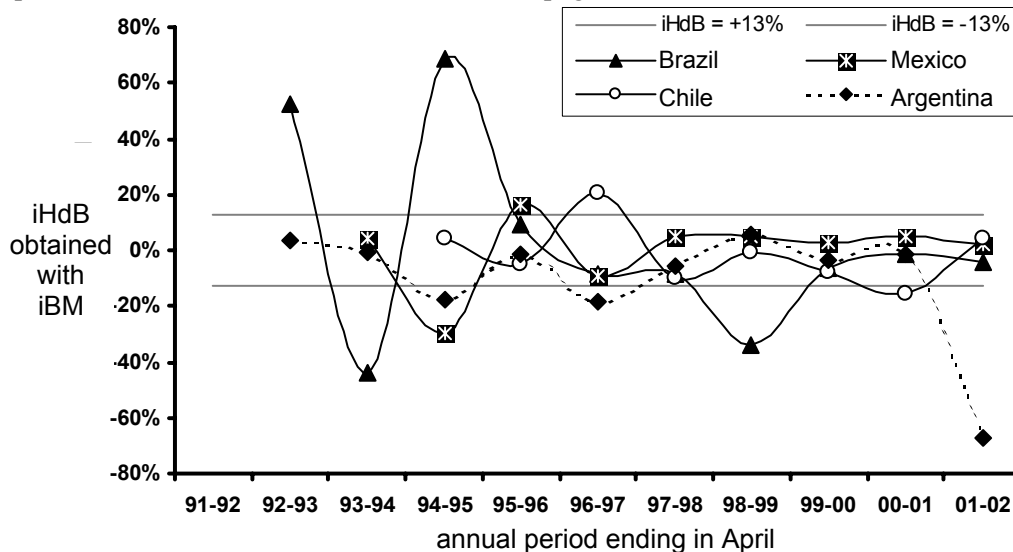
The text was written without the purpose of evaluating specific aspects of a country or assessing the performance of a given government. The goal of this book is to introduce new concepts applicable to daily life and to present the knowledge scattered in several publications in a systematic way. There are many illustrations and tables to ease the reading. The reader is not supposed to have background in finance or good knowledge of financial calculation, statistics or advanced calculus so as to understand this book. All terms and expressions that are not employed in the daily life are explained. In order to link information in different parts of this book and to allow a reading that does not follow the proposed sequence, many footnotes signal where interrelated and complementary ideas can be found. Other footnotes detail some calculations and references. Appendix display tables with all data used in the calculations mentioned in this book or further some additional theoretical information.

Appendix to the Press Release of the book "Crise e Prosperidade Comercial, Financeira e Política"

Using data from **The Big Mac Index** (iBM) - published by the newspaper THE ECONOMIST - in order to obtain the index iHdB, the charts below are an example of how the values of the iHdB obtained with iBM for several annual periods and countries oscillate about zero and mainly inside a band ($\pm 13\%$). Thus, new reasoning may explain the meaning and reliability of The Big Mac Index (iBM). In the book, there are more charts and tables with figures for the iHdB obtained from other sources and for other countries.



Source: HENRIQUES DE BRITO, Marcelo (2003); "Crise e prosperidade comercial, financeira e política", Chapter 2, middle chart on the Illustration 2.3-1, page 49, Rio de Janeiro:Probatius, 2003.



Source: HENRIQUES DE BRITO, Marcelo (2003); "Crise e prosperidade comercial, financeira e política", Chapter 2, middle chart on the Illustration 2.3-2, page 50, Rio de Janeiro:Probatius, 2003.

ABOUT THE AUTHOR

Marcelo Henriques de Brito, born in Rio de Janeiro in December 5th, 1963, holds a degree in Business from Universidade Mackenzie (São Paulo), achieving the prize "Prêmio de Mérito Acadêmico em Administração" bestowed by the Conselho Regional de Administração São Paulo (CRA-SP), and a degree in Engineering from UFRJ, with a Ph.D. degree from École Polytechnique Fédérale de Lausanne EPFL - (Switzerland). He has worked for multinationals and for Brazilian companies. He takes part in several professional associations and is a member of the "Conselho Diretor da Associação Comercial do Rio de Janeiro" (ACRJ).