Moral Rating Agency

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MRA says €100bn of losses in Russia are actually good

- The Financial Times today calculates Russian write-downs and losses worth €100bn at 176 companies.
- The Moral Rating Agency says this is a good sign, a “valuable investment” that will bring Russia to a “desert island economy”.
- The MRA calls for a widespread separation of democratic and undemocratic economies and the creation of a “Democratic Market” for democracy to survive and prevail in the world.
- The MRA expects more write-offs by companies.

For Immediate Release, 7 August 2023: In response to calculations by the Financial Times of €100bn worth of write-downs, foreign exchange losses and other costs associated with leaving Russia, the Moral Rating Agency issued a statement to the effect that this is a positive development and calls for the world to be divided into a ‘Democratic Market’ and an ‘Undemocratic Market’.

MRA founder Mark Dixon said:

“This is a sign the West is not just making a sacrifice but a valuable investment in democracy.

The more links that are cut between Russia and the West, the more the Russian economy will suffer long-term. Russia will find it more difficult to finance its aggression and Russian people will become more disillusioned with the Russian regime as they become poorer.

It doesn’t matter whether the Russian economy is disconnected by Western government sanctions, Western companies’ ethical voluntary exits or public

pressure, or by Putin expropriating the assets of unethical companies that are still in the market. They all lead to Russia becoming disconnected from the global economy."

Russia is on a one-way journey to a 'desert island economy'

"Russia should have been unplugged economically when it invaded Ukraine on 24 February 2022. Western governments failed to implement widespread sanctions and the companies that have been embarrassed out of Russia are helping to make up for this failure.

If we can make Russia a 'desert island economy' it will be financially destroyed because Russia is more dependent on exports than any other major nation as a percentage of its GNP, producing vastly more oil, gas and minerals more than its own needs. This dependence on the West is Russia's 'Achilles' heel'. If unplugged, it can be brought to its knees."

Why economic separation is good

"The West should not pull its punches but do everything to weaken the Russian economy. We are already fighting a proxy war with Russia militarily and are fighting an open war for values. By any measure, Putin is an enemy of every democratic nation and person, and its economy must be treated like an 'enemy economy'."

Mark Dixon explained why the West should jump on the nascent trend towards two economic blocs in the world:

"Russia will become more and more dependent on China which is a much less rich market than OECD nations. If China supports Russia with excess trade to fill the gap, it will be doing something that hasn't been economically viable today, just as Eastern bloc nations were forced to trade with each other before the break-up of the USSR. This inferior economic opportunity will be resolved either by Russia taking the hit on pricing or China having to subsidise Russia, which will only serve to weaken one or both of these undemocratic nations."

The end game

"Unplugging Russia is the first step to separate the world into two economic blocs, a Democratic Market and an Undemocratic Market. Autocratic and totalitarian countries like Russia and China will cooperate with each other due to lack of alternatives and become poorer and less powerful together. The Democratic Market

will be many times larger and will make democratic nations much richer than countries run by dictators.

We need to shift the wealth gap from dividing people and from dividing developed and developing economies, and intentionally apply it to democratic and undemocratic nations. If an undemocratic nation wants to escape poverty, it will need to become democratic. Its people will be motivated to remove their dictator so they can be welcomed into the Democratic Market. We need to create a free market in which economic survival is the reward for democratic behaviour and economic failure is the consequence of undemocratic or autocratic behaviour."

More write-offs expected

The MRA adds:

"The Western companies that are still in Russia are in hot water. The risk of expropriation has risen. They will find it almost impossible to sell their businesses. To reflect the risk of further expropriation announcements, they should write off their assets and expect their share prices to fall.

The financial value of Russian assets has now moved closer to the negative moral value of these assets.

In fact, we think the financial accounts of companies that refuse to write-off Russian assets are inaccurate and they are defrauding investors. Investors should steer clear of these companies because of their moral value but also their balance sheet value."

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The Moral Rating Agency, the corporate watchdog, was set up to get Russia out of Ukraine and use this momentum to help pro-democracy Russians get Putin and his regime out of Russia. The MRA rates global companies on how effectively they are pulling out of Russia on its site moralratingagency.org.

For press inquiries, please contact press@MoralRatingAgency.org. Or, for comment/interview, we can be reached on one of these numbers:

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About the Moral Rating Agency

The Moral Rating Agency was set up to get Russia out of Ukraine. It later plans to cover corporate unethical actions in other countries and on other issues.

In addition to exposing, and crediting, corporations through moral ratings, the MRA maintains an Indelible Ledger of a company's actions so any later corrective actions do not wipe the slate clean. Time is of the essence, so the rating system includes a disincentive for delay through exposing and tracking what preceded a later corrective action.

Unlike ESG (Environmental, Social and Governance) rating agencies, which have a commercial responsibility to their institutional investor clients to cover the range of issues these clients wish, the Moral Rating Agency is zeroing in on a single corporate moral issue, in this case the Russia-Ukraine war.

The MRA was founded and is led by Mark Dixon, who runs the mergers & acquisitions consultancy Thinking Linking in the City of London and New York. He was one of the co-founders of the online financial commentator BreakingViews.com, which is today part of Thomson Reuters. Mark has been opposed to autocratic regimes, particularly to the Chinese government and to Putin's transformation of Russia from a nascent democracy into a fully-throttled autocracy. He has a personal connection with Ukraine because he has owned an apartment in the city of Lviv since 2010. He has also lived in China.

The MRA has a paid staff of moral raters, verifiers, and fact-checkers who operate according to its Rating Methodology. It also has an on-site team involved in statistics, media relations, site production and publishing.

The MRA has no customers, external commercial relationships, or conflicts of any kind. It will rate and publish so that consumers, media and governments can judge companies on a single topic on a fair basis. This objectivity on individual companies and their relative scores is maintained despite the campaigning nature of the agency, as explained in Rating Philosophy.