

VLADAMIR PUTIN, WELCOME TO YOUR RADIOACTIVE BRAND

Article

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Vladimir Putin, Welcome to Your Radioactive Brand. **Mary Buffett & Bob McBarton**

At some point, there will be a conclusion to the unprovoked Russian invasion into Ukraine; three basic scenarios come to mind.

The Russians could overwhelm Ukrainian forces and install a puppet government in Kyiv. The Ukrainians could outlast the Russians and expel them from their homeland. The Russians and Ukrainians could settle into an endless stalemate and a third-party could foster a negotiated settlement.

However, from a business perspective, the Russians lost the war for future foreign investment the moment troops crossed the border and invaded their neighbor.

Why? Vladimir Putin's hubris killed the Russian brand for the next three to four generations.

Horrified by the human costs of the Russian invasion, American and other western companies have fled their Russian investments and closed their offices, leading to billions in financial write-downs. With that, the West essentially turned out the lights and now Soviet era breadlines can be found at bank ATMs or in stores offering basic foodstuffs. The ruble has lost most of its value and the economy is in free fall.

Some have wondered if American and Western investment might magically reappear the moment the last Russian soldier leaves a battered Ukraine.

Don't bet on it.

Since the fall of the Iron Curtain and the collapse of the old Soviet Union three decades ago, the Russian economy had rebounded and prospered after the grueling market shocks during the Yeltsin era.

Since then, incomes have increased in a consistent fashion. Luxury goods filled stores in the Tverskaya Ulitsa or The Arbat. The Russians became a major oil and gas producer. The dowdy and poorly built Soviet-era cars have been replaced by western brands. Until the invasion, American brands like Starbucks or McDonalds were everywhere.

Investing in Russia was always seen as a high risk/high return endeavor. Back then, some of the initial euphoria of western financial support during the early days of post-Soviet Russia fell victim to a variety of pitfalls, ranging from bureaucratic red tape to outright thievery. However, as the economy stabilized, foreign investment increased, especially with a special emphasis in the oil and gas markets. In fact, one former US Secretary of State was a recipient of the "Friend of Russia" medal, while CEO of ExxonMobil.

However, that era is now gone forever.

No CEO wants to be in bed with a War Criminal.

Even if Russian sanctions are removed someday, there will be little appetite to return to an arena where astronomical risks outweigh any decent shot of a commensurate return, so long as Vladimir Putin remains in Moscow.

Even if the Russians offer a laundry list of incentives for western investment to return, the barbaric nature of their behavior in Ukraine would offer a strong rationale to invest elsewhere.

Every corporate leader must ask, "Who wants to write down another billion in losses the next time a Russian strongman chooses to invade yet another independent post-Soviet Republic?"

Nobody, that's who.

While Putin invaded Georgia in 2008 and annexed Crimea in 2014, the world shrugged its shoulders. However, the brutal and horrific visuals have placed current events into sharper focus. Western leaders responded with crippling economic sanctions but also stepped up with military and humanitarian aid. Businesses and foreign investment have fled to the hills. Russian tech workers are leaving, if they can, for other countries.

This moment has also allowed a more critical spotlight to be placed on these Russian oligarchs. Prior to this, they were often seen as owners of soccer teams who lived flamboyant lives on super yachts. Now we can better see the thuggery which surrounds their business activities, their outright reliance upon Putin for their financial well-being, and worse, their blood-red complicity what many agree are the worst war crimes since the Second World War.

So long as Putin or his acolytes are in power in Moscow, there is no PowerPoint presentation that can overcome the horrific visuals of children being blown to bits, whole families being cut down, and proud cities being laid waste.

Vladimir Putin, welcome to your new radioactive brand. It will follow you to the grave.